National Electric Power Regulatory Authority

Islamic Rebublic of Pakistan

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No. NEPRA/TRF-219/QESCO-2012/4587-4589
May 9, 2013

Subject: **Determination of the Authority in the matter of Petition filed by Quetta Electric Supply Company Ltd. for Determination of its Consumer end Tariff Pertaining to the FY 2012 – 13 [Case # NEPRA/TRF-219/QESCO-2012 -** Intimation of Determination of Tariff pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)

Dear Sir,

Please find enclosed herewith the subject Determination of the Authority along with Annexure-I, II, III, IV, V & VI (64 pages) in Case No. NEPRA/TRF-219/QESCO-2012.

2. The Determination is being intimated to the Federal Government for the purpose of notification of the approved tariff in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority (Tariff Standards and Procedure) Rules, 1998.

3. Please note that only the Order of the Authority at para 22 of the Determination along with Annexure-I (Fuel Price Adjustment Mechanism), Annex-III (Schedule of Electricity Tariffs), Annex-IV (Fuel Cost Component, Variable O&M, CpGenCap & USCF) and Annex-V (Terms and Conditions) needs to be notified in the official Gazette.

Enclosure: As above

(Syed Safeer Hussain)

Secretary
Ministry of Water & Power
'A' Block, Pak Secretariat
Islamabad

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.

National Electric Power Regulatory Authority
(NEPRA)

PETITION NO: NEPRA/TRF-219/QESCO-2012

DETERMINATION

IN THE MATTER OF TARIFF PETITION FILED BY

QUETTA ELECTRIC SUPPLY COMPANY

(QESCO)

FOR THE

DETERMINATION OF THE CONSUMER-END TARIFF

PERTAINING TO THE FY 2012-13

Islamabad

May 9, 2013

Abbreviations

CpGenCap	The summation of the capacity cost in respect of all CpGencos for a billing period minus the amount of liquidated damages received during the months
CPPA	Central Power Purchasing Agency
DISCO	Distribution Company
DM	Distribution Margin
FY	Financial Year
GOP	Government of Pakistan
GWh	Giga Watt Hours
KV	Kilo Volt
kW	Kilo Watt
kWh	Kilo Watt Hour
MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
O&M	Operation and Maintenance
PPP	Power Purchase Price
PYA	Prior Year Adjustment
RAB	Regulatory Asset Base
RORB	Return on Rate Base
SRO	Statutory Regulatory Order
T&D	Transmission and Distribution
TOU	Time of Use
USCF	The fixed charge part of the Use of System Charges in Rs./kW/Month

CASE NO. NEPRA/TRF-219/QESCO-2012

PETITIONER

Quetta Electric Supply Company Limited (QESCO), QESCO Headquarters, Zarghoon Road, Quetta.

INTERVENER

Nil

COMMENTATOR

Department of Energy, Government of Balochistan

REPRESENTATION

1. Mr. Bariuzzaman, Chief Executive Officer, QESCO
2. Engineer Naeem Akbar shah, Chief Engineer / Operation Director, QESCO
3. Asghar Ali Mengal, Finance Director, QESCO
4. Yasir Faheem, Manager Finance, QESCO
5. Representative of Government of Balochistan, Commentator

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The Authority, in exercise of the powers conferred on it under Section 7(3) (a) read with Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, Tariff Standards and Procedure Rules, 1998 and all other powers enabling it in this behalf, and after taking into consideration all the submissions made by the parties, issues raised, evidence/record produced during hearings, and all other relevant material, hereby issues this determination.

9/5

(Major (R) Haroon Rashid)
Member

9/5/2013

(Habibullah Khilji)
Member

08 5 2013

(Khawaja Muhammed Naeem)
Vice Chairman

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1. Background and Brief History

1.1 Quetta Electric Supply Company Limited (QESCO), hereinafter called "the Petitioner", being a Distribution Licensee of NEPRA filed a petition for the determination of its Distribution Margin and consumer-end tariff for the FY 2012-13.

1.2 In its petition, the Petitioner, while submitting the grounds of the petition, pleaded that the existing tariff does not fulfill its liquidity and financial viability requirements and therefore, requested for a cost reflective tariff. Further, the petitioner stated following grounds and basis for its petition;

- Establishment of end-user rates across consumer categories and potential risk for QESCO;
- Adjustment of Distribution Margin in tariff to meet with operational expenses;
- Adjustment of realistic Transmission and Distribution losses in the end-user tariffs;
- Prior-year adjustment in end-user tariff;
- Interest on loan allocated to QESCO, QESCO's share is Rs. 22 billion;
- Fixed charges may be allowed on 50% sanction load basis or actual MDI whichever is higher;
- To make consumer discipline and minimize cross-subsidy.

1.3 QESCO has sought for the following relief in its petition;

- T o determine tariff pertaining to FY 2012-13;
- The tariff may be adjusted as per proposed schedule of Tariff in the petition;
- Unrecovered cost amounting to Rs. 3,169 million may be allowed;
- Distribution Margin amounting to Rs. 1.82/ kWh be allowed;
- T&D Losses may be increased from 18% to 21.50%;
- Interest cost of Rs. 2,849 million may be allowed.

1.4 In terms of rule 4 of the Tariff Standards and Procedure Rules 1998 (hereinafter referred to as "Rules"), the Petition was admitted by the Authority on 13th September, 2012. In compliance of the provisions of rules 5 of the Rules, notices of admission and hearing were sent to the parties which were considered to be affected or interested (list attached as Annex VI) and advertisement by publication of the title and brief description of the petition was also affected on 30th September, 2012. Comments/replies and filing of intervention request; if any, was desired from the interested person within 7 days of the publication.

2 Filing of reply/intervention request/comments

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2.1 In response to the notice of admission and hearing, no intervention requests were received. However, written comments were received from Department of Energy, Government of Balochistan on 18th October, 2012.

2.2 Considering the nature of the said petition as it was filed for the whole FY 2012-13, the Authority decided to conduct a hearing on 18th October, 2012 in order to arrive at just and informed decision. The date of hearing was communicated and published along with the notice of admission to the interested stakeholders and general public.

3. Framing of Issues

3.1 For the purpose of hearing, the following issues were framed to be considered during the hearing and for presenting written as well as oral evidence and arguments:-

i) What should be the future tariff methodology in respect of Annual determinations, Quarterly and monthly adjustments?

ii) Whether the concerns raised by the commentators are justified?

iii) Whether the Petitioner has complied with the directions of the Authority regarding;
   1. 100% installation of TOU meters in Quetta circle by 31st October, 2011 and in remaining areas by 30th June, 2012;
   2. Submission of detailed cost benefit analysis with respect to investments program;
   3. Submit TORs for the study of T&D losses by an independent firm of engineers;
   4. Justification, on the basis of efficient utility practices, of the new recruitments alongwith additional financial impact;
   5. Issue of illegal tubewells and receivables between Government of Balochistan and the Petitioner;
   6. Creation of independent post retirement benefits fund by 30th June, 2012;

iv) Whether the Petitioner's projected purchase of 5,260 GWhs and sale units of 4,129 GWhs units for the FY 2012-13, is reasonable?

v) Whether the Petitioner's proposed transmission and distribution losses of 21.50% for the FY 2012-13 are justified?

vi) Whether the Petitioner's projected Power Purchase cost of Rs. 52,600 million for the FY 2012-13, is justified?

vii) Whether the Petitioner's own generation amounting to Rs. 566 million is legitimate?

viii) Whether the Petitioner's projected O&M cost of Rs. 4,449 million for the FY 2012-13 based on the actual cost of Rs. 3,895 million (un-audited) for the FY 2011-12 is justified?

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ix) Whether the Petitioner's proposed depreciation charges of Rs. 862 million for the FY 2012-13 after accounting for projected additions to fixed assets, is correctly projected?

x) Whether the Petitioner's projected Return on Regulatory Asset base of Rs. 2,147 million for the FY 2012-13 is justified?

xi) Whether the Petitioner's projected Other Income of Rs. 580 million for the FY 2012-13 is reasonable?

xii) Whether the Petitioner's proposed investment plan of Rs. 3,600 million for the FY 2012-13 is justified keeping in view the prospective benefits?

xiii) Whether the Petitioner's request of Rs. 655 million on account of provision for bad debts is justified?

xiv) Whether the prior year adjustment of Rs. 3,169 million as calculated by the Petitioner is correct?

xv) Whether the financial charges amounting to Rs. 2,849 million claimed by the Petitioner is justified?

xvi) Whether the proposed revenue requirement of Rs. 66,151 million at an average sale rate of Rs. 16.02/kWh for the FY 2012-13, is correct and justified?

xvii) The request of Government of Balochistan for extending grace period for payment of electricity bills to 30 days from 15 days.

xviii) The contentions raised by Steel Melters Association on the issue of FPA are justified?

4. Hearing

4.1 The hearing was conducted on 18th October, 2012 at National Institute of Management, Quetta. During the hearing, the Petitioner was represented by Mr. Bariuzzaman, Chief Executive Office along with his financial and technical team. Other stakeholders also participated in the hearing. The Representative of Department of energy, Governmnet of Balochistan also participated in the hearing.

4.2 On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under:

5. Issue #1. Future Tariff Methodology with respect to the Annual determinations, Quarterly and Monthly adjustments pertaining to the FY 2012-13.

5.1 DISCOs current operational and financial cycle emanates over a complete year, whereby;

- lesser revenue generated in winter is compensated by higher revenue generated in the summer of the same financial year;

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- changes in generation mix resulting in lower PPP in wet seasons (with greater hydel generation) compensating high PPP in winter (with greater generation reliance on RFO);
- Variation in T&D Losses due seasonal fluctuation.

5.2 As per the guidelines under Rule 16 of the Tariff Standards and Procedure Rule 1998 the tariff should be predictable. In order to minimize the volatility in the consumer-end tariff due to aforementioned reasons, the Authority determines revenue requirement annually. However, certain adjustments like impact of losses, variation in capacity transfer price and UoSC, impact of extra or lesser purchases of units are made on quarterly basis. The same rationale and methodology has been adopted while assessing the average sale rate of DISCOs for the FY 2012-13. Thus, following components of tariff are subject to annual assessment;

- Assessment of T&D losses target.
- Assessment of Sales target.
- Impact of Consumer mix variance.
- Month wise assessment of reference values with respect to PPP (including energy, capacity & transmission charges)
- Assessment of Distribution Margin, and ;
- Assessment of prior period assessment, if any.

Quarterly Adjustments

5.3 On the basis of annual assessment, the consumer end tariff of the XWDISCOs for the FY 2012-13 would be worked out subject to the quarterly adjustments. Thus, the scope of quarterly adjustments would be limited to;

1. The adjustments pertaining to the capacity and transmission charges would be done quarterly.
2. The impact of T&D losses on the components of PPP will be accounted quarterly.
3. Impact of extra or lesser purchases of units on account of PPP.
4. Adjustment of Variable O&M as per actual.

Monthly Fuel Adjustments

5.4 As per second provisio to section 31(4) of NEPRA Act, the Authority has to make adjustment in the approved tariff on monthly basis due to variation in fuel charges. Thus, the existing practice with respect to the adjustments on account of variations in

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fuel cost components of PPP on monthly basis would continue. This adjustment reflects in the consumers' monthly bill as Fuel Adjustment Charge. All the relevant data and information with certifications of correctness of such information shall be furnished by the Central Power Purchasing Agency for making such an adjustment. The information shall be provided within 3 days of close of each month. In order to meet the ends of natural justice the key information will be published in the major newspapers for public notice for response thereof. For making this adjustment distribution losses shall not be taken into account. The impact on this account shall be worked out on quarterly basis and the schedule of tariff will be revised/modified accordingly.

5.5 The Authority may review these references along with any quarterly adjustment. Since PPP is pass through for all the DISCOs therefore its monthly references would continue irrespective of the financial year, till such time these are revised and accordingly SOT is modified and notified in the official gazette.

6. Issue #2 .Whether the comments raised by the Commentators are justified?

6.1 During the hearing and subsequently, comments on tariff petition were received from one commentator as below;

Energy Department, Government of Balochistan

Comments

6.2 The following comments were submitted by the commentator;

- The Operations and Maintenance cost (O&M) as projected in the petition is exorbitant and objectionable which will indirectly affect the consumer in the form of adjustment while increase in retail tariff and recovered at consumer end;
- The losses as projected by QESCO to be allowed as target loss from 18% to 21% is too objectionable which will ultimately affect the consumer in the form of power purchased price and rise in retail tariff;
- The consumers are already suffering from the prevailing tariffs and over billing on the part of company particularly GoB, as 70% to 80% QESCO billing is against the GoB. Why should GoB and people of Balochistan should cross subsidize QESCO;
- The company should go towards internal efficiency and improvements through reduction in non-technical losses instead of rise in tariffs and to do away with

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5,000 illegal tube wells running in Balochistan incurring heavy losses to company which is indirectly shifted to consumers .

- In view of the above, it is therefore, prayed that next date may be fixed for the hearing so that the GoB may be able to submit a meaningful and technically thorough drafted intervention request before the Authority.

Response of Authority

6.3 The responses of Authority on comments are as below:

- The requested O&M cost is just projection by the Petitioner which is not allowed as such by the Authority. The Authority does its due diligence and thereafter, allows only prudently incurred costs to the Petitioner. The issue is further discussed under relevant head.
- The Authority had been allowing T&D losses of 18% to the Petitioner as against the actual losses of 20.4% in 2010-11 and 21.05% in FY 2011-12. The request of the Petitioner is analyzed keeping in view the rationale for the Authority's previous assessments in this regard and the investments allowed for a particular control period. Therefore, the requested T&D losses of 21% need to be justified by the Petitioner to be allowed as such. The matter is discussed in detail under Issue No. 5 below;
- The Authority agrees with the Commentator's concerns with respect to over billing. The DISCOs have been directed by the Authority to refrain from over-billing and initiate inquiry against relevant officials of any DISCO found guilty of over-billing. QESCO is again ordered to ensure only genuine billing and refrain from artificial reduction of losses through over-billing. The Commentator is also encouraged to bring up any specific incident / case of over-billing of QESCO to consumers affairs division of NEPRA for further action in this regard;
- The concerns of Commentator are justified and the rational behind allowing Investment expense to the Petitioner is to improve losses and performance as an electricity distribution company. The matter of illegal tube wells is discussed in detail under issue no. 3 below.
- The hearing could not be fixed for another day as the advertisement for the hearing held on October 18, 2012 was given well in time and the commentator was also intimated vide letter no. NEPRA/TRF-219/QESCO-2012/7857 dated October 2, 2012. Therefore, the commentator had sufficient time for preparation and the request does not merit consideration of the Authority.

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7. **Issue # 3. Whether the Petitioner has complied with the directions of the Authority regarding TOU meters, cost benefit analysis of investments, study of T&D losses, justification of new recruitments, issue of illegal tubewells and receivables between Government of Balochistan and QESCO and creation of independent post retirement benefits fund?**

TOU Meters

7.1 The Authority, while determining the consumer – End Tariff of the Petitioner for the FY 2011-12, showed serious concern on the non-compliance of Petitioner with Authority's directions regarding 100% installation of meters by June, 2011. The Petitioner attributed delay in installation to worse law and order situation of certain areas of province and acute shortage of technical staff. However, the Petitioner had informed the Authority that required meters are available in stock and installation will be completed in Quetta circle by 31st October, 2011. The Authority consequently passed directions to fulfill the commitment in Quetta circle and extended deadline for remaining areas to 30th June, 2012.

7.2 Furthermore, in the same decision the Authority directed that The Petitioner was also directed to launch a wide spread media campaign and briefing sessions with consumers' associations and train all the concerned staff for accurate reading of TOU meters.

7.3 During the hearing for determining tariff petition for FY 2012-13, the petitioner presented following data on TOU meters installation as of September, 2012:-

Tariff Category	Total Connections Qualified for Installation of TOU meters	Total Nos. of TOU meters installed	% Installed	No. of TOU meters not yet installed
Total*	8,706	7,806	90	900

* Consumer category wise detail was not presented

7.4 The petitioner further made a commitment to complete the installation by the end of December, 2012 as the desired number of meters are available in stock.

7.5 During the hearing, the Authority noted with serious concern that the Petitioner has failed to achieve the stated deadline despite the commitment. Further, the Authority noted that the Petitioner has not included the tubewell connections in the total number of connections qualifying for TOU meters. The Petitioner explained that tubewell connections do not operate on a 24 hour basis, rather they operate few hours

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a day as per the time allocated to them. Further, the Petitioner pleaded that Agriculture consumers cause damage to the meters and they are being billed on estimated load, therefore TOU metering is not necessary. The justification of petitioner is baseless as the directions of Authority on the installation of TOU meters are very clear and specific as per which the Petitioner has to install TOU meters on all connections with load of 5kW and above. It does not exclude any connection due to its consumption/availability or billing mode. Further, the Petitioner has been presenting misleading data to the Authority and showing 90% performance which is inaccurate considering around 19,439 active tubewell connections available with the Petitioner on which TOU meters have not been installed.

7.6 Further, the Petitioner pleaded that it has requested the Authority to exclude tubewell connections from TOU meters installation. The plea of Petitioner is not acceptable as the petitioner should have submitted a written request before the Authority with proper justification. The Petitioner was therefore directed in hearing to submit written statement before the Authority for non-installation of meters on agriculture tubewells and meanwhile include entire tubewell connections in the number of connections qualifying for TOU meters installation.

7.7 The Petitioner has been submitting a month-wise progress report of TOU meters installation. The latest report as of February, 2013 duly communicated vide letter no. CEO/QESCO/CE/DC-109/13541 dated 12th March, 2013 is as below;

Tariff Category	Total Connections Qualified for Installation of TOU meters	Total Nos. of TOU meters installed up till 28th February, 2013	% Installed	No. of TOU meters not yet installed
Residential	3,639	3,304	90.8	335
Commercial	2,526	2,392	94.7	134
Industrial	2,349	2,301	98	48
Bulk Supply	191	124	65	67
Agricultural	0	0	0	0

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Residential Colonies	1	-	0	1
Total	**8,706**	**8,121**	**93.3**	**585**

7.8 As shown by the table above, the Petitioner is still showing no tubewell connection in the number of connections qualifying for TOU meters. Further, the Petitioner has not submitted any request before the Authority in this regard. In addition to this, the Petitioner has failed to fulfill its commitment to complete installation by end of December, 2012 as still 585 connections are pending. A comparison of progress report with the data initially presented shows that in the period of five months 315 meters have been installed as against the Petitioner's commitment to install 900 meters. The Authority has noted with concern the non-serious attitude of Petitioner in complying with the directives of the Authority and concealing material facts, and hereby directs the Petitioner to submit accurate data on number of TOU connections (including all agriculture tubewells) not later than 31st May, 2013 and use the same as basis for submitting future progress reports.

7.9 Further, in the presentation, the Petitioner did not elaborate on the campaign on the consumer awareness of TOU billing. Therefore, the Petitioner is also directed to submit details of campaign, training of staff along with above stated explanation by 31st May, 2013.

7.10 For this determination, the Authority has decided to further extend the deadline for the installation of TOU meters till 30th June, 2013 on all the connections (including tubewell connections). This decision is taken in light of the law and order situation of the area. In addition to this, the Petitioner is again directed to carry out the training sessions of its concerned staff from the manufacturing companies of TOU meters and the consumer awareness campaign must be continued on the back of each consumer bill.

Cost benefit analysis of Investment plan

7.11 The investment plan is discussed under Issue No. 12 below.

Study of T&D Losses

7.12 The matter is discussed under Issue No. 5 below.

Justification of New Recruitments

7.13 In the tariff determination pertaining to FY 2011-12, the Authority noted that the petitioner has recruited 653 employees from Grade 1 to 17 in FY 2010-11 with the financial impact of Rs. 4.8 million without complying with the Authority's direction to provide justification and rational for the recruitments. The Authority had further noted that DISCOs are not employment exchanges and the only circumstances where

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new recruitment is inevitable is substantial expansion in network and increase in customers in which the petitioner should come to Authority with justification for new recruitments. Therefore, the Authority disallowed any cost pertaining to new recruitments and instructed the Petitioner to justify recruitments on the basis of efficient utility practices and functions.

7.14 The Petitioner has not claimed any cost for new recruitments under O&M. Consequently, it has also not submitted or presented any justification of new recruitments. However, during the hearing for tariff determination, the Petitioner informed the Authority about hiring of new employees under Balochistan Package in 2011-12 and 2012-13 as announced by the Government of Balochistan (GoB) and requested for the same to be allowed in tariff.

7.15 The Authority accepts that the Petitioner is compelled to do the hiring on the instructions of GoB, however, this is also a fact that the burden of these additional recruitments cannot be passed on the consumers unless the Petitioner justifies them. Therefore, the Petitioner is directed to submit details of new recruitments under Balochistan Package alongwith justifications and placements before 30th June, 2013. Till that time the Authority is constrained to disallow any cost associated with new recruitments. The matter is further discussed under Issue No. 7 below.

Issue of illegal tube wells and Receivables between the Petitioner and GoB

7.16 In the course of determination of tariff pertaining to the FY 2011-12, the GoB intervened in the proceedings and the concerns of GoB regarding Illegal tubewell connections and outstanding receivables were discussed at length in the decision. The GoB (being intervener) informed the Authority of excessive billing on agricultural tubewells by the Petitioner, non-metering of connections and unjustified increase in receivables. The Petitioner responded by quoting large number of illegal tubewell connections that are operating within the distribution area of QESCO. The Petitioner also apprised the Authority of a meeting undertaken with the Secretary Finance, GoB in August, 2011, whereby it was decided that GoB and the Petitioner would jointly work out a mechanism for billing of tubewell connections, payment of subsidy thereon and reconcile the receivables within two months. The Authority, directed the Intervener to submit a separate case as a complaint with the Consumers Affairs Division (CAD) of NEPRA with proper documentary evidence to expedite the resolution of this case.

7.17 In the hearing for tariff determination pertaining to the FY 2011-12, the Energy Department, GoB was the Commentator and the matter was again raised. As per the GoB, the billing on tubewell connections is on a flat rate of 16 hours per day, whereas in reality electricity is available for less than 4 hours in certain areas of Balochistan including Qila Abdullah and Gulistan. Moreover, the load of these connections is fixed by QESCO as 32 kW for billing, whereas it is less than 30kW. In response, the

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Petitioner stated that many agriculture consumers are using multiple illegal connections resulting in average consumption per consumer of 16 hours per day. The Petitioner further informed the Authority that it is undertaking joint load verification of tubewell connections with representatives of GoB to establish actual load of these connections. Also, for the regularization of illegal tubewell connections, GoB has constituted district wise scrutiny committees comprising of Deputy Commissioner of district, member of zamindar committee and member of QESCO concerned division. The Petitioner claimed that reconciliation process of receivables from GoB on account of utility bills is near completion with 98% receivables reconciled. The following data was presented by the Petitioner;

Description	Balance as at June 30, 2012	Amount reconciled	% Reconciled
Receivables from GoB on account of utility bills	2,919.55	2,858.20	97.90%

7.18 According to the financial statements for the FY 2011-12 the agriculture subsidy was withdrawn w.e.f., 1st July, 2010, however, later a resolution was passed in the Balochistan Assembly on August 9, 2010 for the restoration of subsidy. Subsequently, Government of Pakistan (GoP) has issued notification on November 28, 2012 for the restoration of agriculture tubewell subsidy to the consumers, which is as follows;

- If electricity bill does not exceed Rs. 50,000 per month – Rs. 6,000 will be billed to the consumer per month and remaining amount will be shared between GoP and GoB in the ratio of 40:60 respectively;
- In case bill exceeds Rs. 50,000 per month – any amount over and above Rs. 50,000 will be paid by the tubewell owner.

The said notification is effective from 1st December, 2012 and the number of tubewell connections will be frozen to the level of 15,660. Although, no notification has been issued regarding the period from 1st July, 2010 to November 30, 2012, yet the management of QESCO believes that the subsidy will be restored for this period as well.

7.19 On the directions of the Authority in the tariff determination pertaining to FY 2011-12, a request was filed with CAD, NEPRA. The petitioner also submitted letter explaining the issues with GoB vide letter no. CEO/QESCO/DC-214/29203 dated 9th July, 2012. Consequently a meeting was held on January 28, 2013 at the Chambers of Commerce and Industry, Quetta duly attended by representatives of GoB, QESCO and professionals from NEPRA on the following agenda;

- Uprooting/ Regularizations of illegal tubewells;

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- Receivables from Government of Balochistan; and
- Payment of subsidy to agriculture tubewells by government of Balochistan.

The significant action points agreed in the meeting are as below;

Illegal tubewell connections

- A steering committee has been formed to regularize illegal tubewell connections under the chairmanship of Deputy commissioner with representatives of QESCO and Zamindar Action Committee;
- An SOP has been formed for the regularization of tubewells, under which Rs. 15,000 will be collected as security deposit, Rs. 15,000 as cost of meter and Rs. 25,000 will be collected in installments as detection bill from each illegal connection holder;
- The total number of illegal tubewells as finalized is 13,019 of which demand notice has been issued to 5,095 whereas 1,321 connections have been brought on the billing panel;
- The progress of regularization of illegal tubewells is not satisfactory as per QESCO due to higher fee of electric wiring test report that amounts to Rs. 5,000 per connection, requirement of NOC to be issued by deputy commissioner, ownership issue of the land owner with illegal tubewell connection and security assistance required for uprooting of illegal tubewell connection who refuses to pay demand notice;

  Decision
- It was decided that QESCO shall prepare and submit a comprehensive report regarding facts and hurdles so that support of GoB could be sought for expediting the process.

Receivables from GoB

- The receivables from GoB against utility bills have been cleared uptill May, 2011 and the status of receivables and reconciliation as at June 30, 2012 is the same as mentioned in table under para 7.17 earlier in the decision. However, the GoB disputed the reconciliation in the meeting on the pretext that the DDOs involved in the process are not technically sound to conduct reconciliation and QESCO has failed to implement earlier decisions of meetings regarding installation of meters and stoppage of excess / over billing against Government department connections;

  Decision
- It was decided that both the Petitioner and GoB shall hold meeting with Secretary Finance department to resolve the issue amicably.

Payment of subsidy of Agriculture Tubewells by GoB

- There is dispute regarding outstanding amount of subsidy on tubewell connections after September, 2006. The average power supply to tubewell as per QESCO and GoB is 16.5 – 18 hours and 10-12 hours respectively; whereas

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average load of tubewell as per QESCO and GoB is 32.67 kW and 24.46 kW respectively;

- To resolve this use, both parties agreed to joint load verification to be completed by April 15, 2013. The verification of central circle is complete, as per which the average load is 29.6 kW. The signed report is pending with QESCO;
- It was decided that both parties will provide documentary evidence to establish the average supply hours per day as claimed by each.

Installation of meter on Government connections and miscellaneous issues

- The petitioner has pointed out that GoB has not yet make payment of Rs. 174 million for installation of meters on government connections as agreed by GoB. To this, the GOB remarked to respond in due course;
- Both parties agreed to nominate focal person to coordinate with each other;
- QESCO has approached Government of Pakistan to recover subsidy on agriculture tubewells for the period July, 2010 to November, 2012, and GoB assured to support the Petitioner in the recovery of same.

7.20 The response of GoB on the above action points agreed in the meeting has been received vide letter no. DE(N)D.E/299-300 dated March 29, 2013, however the response of QESCO is still awaited and a reminder has been served by the CAD, NEPRA vide letter no. TCD.10/1579/2013 dated April 10, 2013. The GoB has stated following issues / progress w.r.t. implementation of agreed action points;

- ***Regularization of illegal tubewells;*** QESCO should clarify the higher fee of electric test report which is a bottleneck in regularization of illegal tubewells;
- ***Receivables from GoB against utility bills;*** QESCO has not implemented earlier decisions of eliminating overbilling in respect of government connections, transparency in billing and installation of TOU meters on all three phase connections. In this respect evidence of overbilling on certain government connections has also been submitted;
- ***Payment of subsidy of Agriculture Tubewells by GoB;*** The report of joint load verification of connections in Northern Circle has been submitted to QESCO for signature, yet the same is pending. Further, QESCO continues to charge consumers on assessed basis of 16.6-18 hours a day;
- ***Installation of meters on government connections;*** The responsibility for installation and replacement of defective energy meters not due to fault of consumer is that of QESCO as per the chapter 4.4(e) of Consumer Service Manual and the cost thereof cannot be shifted on GoB;
- ***Payment of subsidy by GoP;*** QESCO will be assisted to obtain clarification of WAPDA of the period when subsidy remained suspended.

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7.21 The Authority has noted with serious concern that the issues w.r.t, GoB are very significant for the cash flow sustainability of QESCO, yet the progress on resolving the matters is very unsatisfactory. The meeting undertaken with the initiative of CAD, NEPRA whose minutes are mentioned under para 7.19 above has not been taken seriously by the Petitioner and report from its side is still pending. The Authority hereby directs the Petitioner to submit compliance report on action points agreed in meeting not later than 31st May, 2013. The Petitioner should take initiative in early resolution of the matter in its own interest to continue operating as a solvent utility distribution company.

7.22 The directions of Authority in respect of each matter associated with illegal tubewell connections and receivables from GoB are as under;

Illegal tubewell connections;

- QESCO to complete the regularization of illegal connections not later than 30th June, 2013;
- To submit a comprehensive report regarding facts/progress of regularization of illegal tubewell connections not later than 31st May, 2013;

Receivables from GoB;

- The reconciliation of receivables from GoB on account of utility bills to be completed by QESCO not later than 31st May, 2013 and the reconciled amount to be recovered not later than 30th June, 2013 under intimation to the Authority;
- The Authority has noted with serious concern the complaint raised by GoB regarding over billing on government connections and the evidences submitted with its letter dated March 29, 2013 (as mentioned under para 7.20 above). The Petitioner is directed to eliminate over-billing and not to raise excessive bills on any connection, and specifically government connections as a pretext to reducing its losses. An inquiry will be initiated against the CEO of QESCO if any over-billing complaint is received in future against the Petitioner. The Petitioner is further directed to initiate inquiries against any officer involved in over-billing and submit month-wise details of billing (segregated into type of billing such as normal, average, assessed, detection billing) and recovery there against to the Authority w.e.f., April, 2013 till further orders in this regard.
- To get a certificate from its Auditor on the reported figure of debtors (including receivables from GoB and GoP) no later than 30th June, 2013.

Payment of subsidy of Agriculture Tubewells by GoB;

- The joint load verification of tubewell connections was claimed to be completed by April 15, 2013. The petitioner is hereby directed to submit compliance report not later than 31st May, 2013 ;
- The Petitioner is further directed to submit signed verification reports to GoB as complained by it no later than 31st May, 2013;

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- The Petitioner is also required to submit agreed average daily supply hours and connected load of tubewell connections along with future billing mechanism not later than 30th June, 2013;

Installation of meters on government connections;

- The Petitioner is directed to install TOU meters on all government connections, having load 5KW and above, not later than 31st May, 2013. Further, the Petitioner is directed to submit details of number of government connections duly bifurcated into metered and un-metered connections not later than 31st May, 2013 and to submit a month-wise metering progress report w.e.f., April, 2013.
- The claim of petitioner regarding cost of meters to be borne by GoB is illogical and does not merit consideration or serve as an excuse for non-installation of meters. The same cost has to be borne by QESCO considering it is claiming huge amounts under investment program from the Authority.

Payment of subsidy by GoP;

- The Petitioner is directed to take up the matter of recovery of subsidy on agriculture tubewell connections for the period 1st july, 2010 to November 30, 2012 with the GoP under intimation and progress report to the Authority not later than 31st May, 2013.

Creation of Independent Post Retirement benefits fund

7.23 In the tariff determination pertaining to FY 2011-12, Authority discussed at length the requirement of separate post retirement benefit fund considering the overall liquidity position in the power sector and the Petitioner was directed to create a fund no later than 30th June, 2012. However, the Petitioner has failed to comply with the Authority's direction on the pretext that it is still not operating the funds independently rather WAPDA is managing the funds. The excuse of Petitioner is baseless considering it operating as a profit driven company with an independent board. The Authority is cognizant of the fact of shortage of cashflows for DISCOs, however, the fund will assist the cash crunch Petitioner in fulfilling its financial liability as per the actuarial valuation and also the funds will generate their own profits if kept separate from the company's routine operations.

7.24 Currently, NEPRA is disallowing the provision and once a fund will be created, the set-aside amount would be allowed on cash flow basis. The directions of Authroity in this regard are very clear which directs the Petitioner to create the fund with no excuse. Therefore, the Petitioner is instructed to ensure compliance with the directives and coordinate with other DISCOs who are on advance stage in fund creation including IESCO and LESCO to create a fund and make uniform regulations for this

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purpose no later than 30th June, 2013. The matter is further discussed under Issue No. 7 below.

7.25 LESCO in its Petition raised the issue of retired WAPDA employees before 1998. The Authority in its determination dated 10th January, 2012, decided to hold separate meeting on the subject whereby the arguments of the Petitioner and WAPDA could be heard in the light of available evidences. Pursuant to which a presentation on the subject was given by the Petitioner on 30th May, 2012 and WAPDA's point of view was also heard separately. Subsequently, a final meeting on the subject was held on 22nd January, 2013. The following concluding and implementations points were emerged out of a long brain storming session;

- The matter not only pertains to the Petitioner but also to all the XWDISCOs, and GENCOs.
- In the light of Business Transfer Agreement (BTA) and subsequent Supplementary Business Agreement (SBTA), Pension SOPs 2002 and subsequent changes thereafter, the issue solely pertains between WAPDA , XWDISCOs and GENCOS.
- The issue has two components, one is the accumulated effect till 30th June, 2012 and the other is the subsequent ownership of these retired employees as the SBTA is not clear on it.
- Since aforementioned agreements were signed mutually between WAPDA and Others hence the Authority directs the WAPDA and Other (including Petitioner) to come up clearly on the settlement modality of accumulated costs in this regard till 30th June 2012 and a way forward for the future payments of these retired employees not later than 30th June, 2013.

8. <u>Issue # 4. Whether the Petitioner's projected purchase of 5,260 GWhs and sales units of 4,129 GWhs units for the FY 2012-13, is reasonable?</u>

8.1 In its petition, the Petitioner projected to procure 5,260 GWh during FY 2012-13, for sale to its consumers. The Petitioner has not provided any basis for its estimation of purchase of power during the FY 2012-13. According to the petition, the purchase and sales in last three years remained as per the following table;

Description	2009-10	2010-11	2011-12	2011-12	2012-13
	Actual	Actual	Actual	Determined	Proj.
Purchases (GWh)	5,169	5,086	5,143	5,288	5,260
Sales (GWh)	4,099	4,048	4,086	4,336	4,129
T & D Losses (%)	20.70%	20.40%	20.56%	18.00%	21.50%

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8.2 The estimation of petitioner cannot be justified from the provided data. The purchases declined in FY 2010-11 and increased in FY 2011-12 by 1.12%. Whereas, the projected purchases of Petitioner for FY 2012-13 is based on an increase of 2.3%.

8.3 Although, there is an inbuilt mechanism for adjusting actual variation in sales against the estimated sales, yet in order to avoid unnecessary fluctuations in the consumer-end tariff it is appropriate to make realistic assessment of the purchases and sales. Moreover, it is also important for the assessment of monthly reference fuel cost for making monthly fuel cost adjustment pursuant to Section 31(4) of Regulation of Generation, Transmission and Distribution Act (XL 1997). In view thereof, the Authority has carried out a detailed exercise for estimating station wise generation pertaining to the FY 2012-13. On the basis of 3 year's actual trend of purchase of power and prevailing circular debt issue, it is estimated that in the FY 2012-13 the overall system generation will be about 91,293 GWh. After adjusting for the permissible transmission losses of 2.5% about 89,011 GWh are expected to be delivered to the distribution companies; the estimated share for the petitioner from the pool for FY 2012-13, is accordingly assessed as 5,296 GWh as against 5,260 GWh projected by it. After incorporating the T&D losses target for the FY 2012-13 (discussed below) the sales target for the same period worked out as 4,343 GWhs.

9. <u>Issue #5. Whether the Petitioner's proposed transmission and distribution losses (T&D losses) of 21.50% for the FY 2012-13 are justified?</u>

9.1 The Authority while determining tariff petition for FY 2011-12 fixed target of 18% on account of T&D losses. Further, the Petitioner was directed to conduct a comprehensive study of its T&D losses by an independent firm of engineers. The Petitioner had informed the Authority in the hearing pertaining to tariff determination for FY 2011-12 that it is undertaking installation of new transmission lines which include Dadu-Khuzdar and 220kV line from D.G Khan which are likely to be completed by July, 2011 and December, 2012; with these the transmission losses of Petitioner would reduce from 7% to 2%.

9.2 The Petitioner has requested for 21.50% losses for the FY 2012-13 in its Petition. The actual T&D losess of Petitioner during FY 2009-10, FY 2010-11 and FY 2011-12 remained at 20.70%, 20.40% and 20.56%. Therefore, the target losses are based on a degradation in performance by 0.94%.

9.3 The Petitioner has presented similar basis for requesting the losses as were presented in the hearing for FY 2011-12 including vast jurisdiction area and acquisition of power from far flung areas. The same have been addressed in the decision pertaining to tariff determination for FY 2011-12.

9.4 The petitioner has further submitted break-up of T&D losses with the petition as per which the break-up is as follows;

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Description	Actual T&D losses (%) in FY 2011-12				
	T&D Loss	Break-up of T&D Loss		Break-up of Distribution Loss	
		Transmission loss	Distribution Loss	Technical Loss	Non-Technical Loss
Loss for FY 2011-12	20.56%	7%	13.56%	10.56%	3%

9.5 The request of thePetitioner is very abnormal and unique. Whereas, other DISCOs project losses based on improvement in losses from last financial year, QESCO is projecting increase in losses despite investment plan of Rs. 3,610 million approved for FY 2011-12 and investment plan of Rs. 3,600 million proposed for FY 2012-13.

9.6 The Petitioner has submitted TORs for study of T&D losses by independent engineers on 1st August, 2012. The TORs have been approved by NEPRA on 12th November, 2012 and the Petitioner is in the process of selection of independent engineer. The progress of Petitioner in this regard is very unsatisfactory and is hereby directed to complete the process and submit the study no later than 30th June,2013.

9.7 The break-up of T&D losses as presented in table under para 9.4 above Petitioner is also inaccurate. It has presented 3% as theft or non-technical loss which is not possible considering the number of illegal tubewell connections and majority rural area in the area of jurisdiction of QESCO. Further, there has been no improvement in transmission losses from last financial year despite the investment program undertaken by Petitioner. The performance of QESCO is very disappointing, where it lacks accuracy of data with regard to losses to direct its efforts towards the improvement in losses. The key indicator of a DISCO's performance is T&D losses, and the Petitioner does not have accurate break-up of this indicator, therefore the question of improvement becomes secondary.

9.8 The Authority notes that the Petitioner has submitted inaccurate data based on which an informed decision cannot be arrived at. In view thereof, the Authority directs the Petitioner to present accurate break-up of T&D losses duly supported by study of independent firm of engineers not later than 30th June, 2013. The Authority is also of considered opinion that QESCO's T&D losses cannot be accurately calculated until the meters are installed on illegal tubewells and government connections. Therefore, the compliance with Authority's directives as contained in para 7.22 above becomes all the more necessary as a prerequisite. Further, the Petitioner has not presented or submitted any efforts to reduce losses or link its investment plan with improvement in losses. This is non-compliance with Authority's directions as discussed in more detail under Issue No. 12 below.

9.9 Based on the available information, evidence, keeping in view the aforementioned arguments and non-compliance with Authority's directives, the Authority considers the Petitioner's request for setting 21.5% as T&D losses target for the FY 2012-13 as

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completely un-justified and baseless and has decided to assess the target for FY 2012-13 as 18% based on previous year's assessed target.

10. **<u>Issue # 6. Whether the Petitioner's projected Power Purchase cost of Rs. 52,600 million for the FY 2012-13, is justified?</u>**

10.1 The matter is discussed under Issue No. 16 below.

11. **<u>Issue # 7. Whether the Petitioner's own generation amounting to Rs. 566 million for the FY 2011-12 is justified?</u>**

11.1 The Petitioner has intimated the Authority regarding the cost of Rs. 566 million pertaining to its own generation. As per the Petitioner, it is compelled to run 5 generation plants on its own to meet the demand gap and bear the cost itself. The cost associated with these plants has not been included in the tariff as the same was disallowed by the Authority In its previous determinations.

11.2 The Authority had been disallowing this cost on the grounds that the Petitioner is not carrying out a licensed activity since as a utility distribution company it cannot engage in own generation without prior approval of the Authority. Therefore, the Petitioner is directed to take file a relevant applications with the Authority for its own generation plants, not later than 30th June, 2013.

12. **<u>Issue # 8. Whether the Petitioner's projected O&M cost of Rs. 4,449 million for the FY 2012-13 based on the actual cost of Rs. 3,895 million (un-audited) for the FY 2011-12 is justified?</u>**

12.1 In the tariff determination for FY 2011-12, the Authority had approved Rs. 2,932 million under O&M expenses. Against the approved expense, the actual expense incurred by the Petitioner is Rs. 3,721 million as per the audited financial statements for the FY 2011-12. The actual expense is 27% in excess of approved expense.

12.2 The Petitioner has requested an amount of Rs. 4,449 million on account of O&M cost for FY 2012-13. It has been stated that the Petitioner's O&M expenses include salary and other benefits, repair and maintenance, traveling allowance, vehicle maintenance allowance and other operating costs related to its distribution and supply business. A history of O&M expenses of the Petitioner is provided as here under:

Rs. Million

Description	2008	2009	2010	2011	2012	2013

	Audited	Audited	Audited	Audited	Audited	Requested
Salaries & Other Benefits	1,107	1,441	1,633	2,185	2,524	3,014
Maintenance Expenses	253	292	376	509	620	600
Traveling Expenses	76	92	107	135	149	178
Vehicle Running Expenses	99	155	179	201	230	236
Other Expenses	146	139	223	385	197	421
Total	**1,681**	**2,119**	**2,518**	**3,415**	**3,720**	**4,449**

12.3 **Salaries Wages & Other Benefits**

12.3.1 The Authority has approved Rs. 2,100 million in the tariff determination for FY 2011-12 under this head for the Petitioner. In the decision, the Authority discussed in detail the basis for approved expense and disallowed cost associated with additional recruitments. Petitioner was directed to submit detailed recruitment plan along with justification and additional financial impact to claim cost in this regard in future. Consistent with other DISCOs the petitioner was also directed to create a separate post retirement benefits fund no later than 30th June, 2012.

12.3.2 Petitioner in its petition, submitted that being public sector company, its employees salaries are protected under pay scale, hence any increase in salary and long term benefits as approved in finance bill have to be adopted by the Petitioner under the terms of employment i.e. on the basis of protected national pay scales. The Petitioner has not submitted or explained any break-up of its requested cost. The Petitioner only informed the Authority that it plans to recruit additional staff under Balochistan Package.

12.3.3 The actual expense incurred by the Petitioner under this head is Rs. 2,524 million in FY 2011-12 which is 16% in excess of actual expense of FY 2010-11 and 20% in excess of expense approved by the Authority for the FY 2011-12. The Authority agrees with the Petitioner's contention that one of the reasons for this was the increase in the salaries of Govt. employees announced by GOP.

12.3.4 New recruitments data as required from QESCO has not been submitted, consequently any new recruitments impact is disallowed. The directions regarding additional recruitments have been discussed in detail under Issue no. 3 under para 7.13 to 7.15 above. Further, the Petitioner has failed to create a post retirement benefit fund, as already discussed under Issue No. 3 under para 7.23 and 7.24 above. In view of

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aforementioned, the Authority has decided to disallow the impact of new recruitments. Irrespective of aforementioned, the Authority is cognizant of the fact that the Petitioner's work force is retiring each year and if their replacements are not made, the Petitioner would not be able to work efficiently and effectively. In view thereof the Authority has decided to allow only replacement hiring, whereby a employee is hired in lieu of a retiring employee. In this particular scenario no additional / incremental cost could be incurred by the Petitioner. The petitioner has not presented data of new recruitments nor the financial impact. The Authority, therefore, directs the Petitioner to get the figure of new recruitments and financial impact verified by its Auditor and if it plans to carryout replacement hiring, a certificate from the Auditor of the Petitioner, certifying that the recruitment is done as replacement hiring with no additional/incremental cost impact.

12.3.5 With regard to post retirement benefits, the actual payments for the FY 2011-12 shall be taken as reference for determining expense pertaining to the FY 2012-13, instead of provision for post retirement benefits. For future assessments, the amount transferred into the fund would be allowed by the Authority on actual basis until the fund is created and directs the Petitioner to expedite the matter. The actual payments in FY 2011-12 under benefits amount to Rs. 205 million as per audited financial statements.

12.3.6 The requested expense of petitioner is 19% in excess of the actual expense under salaries and wages for FY 2011-12 and 44% in excess of the expense determined by the Authority for FY 2011-12. While assessing the Salaries, wages & other benefits (including post retirement benefits as discussed in para 12.3.5 above), the GOP's recent announcement of 20% increase as adhoc allowance, increase in post retirement benefits on actual payments, increase in conveyance allowance , 5% annual increment along with its effect on other benefits has been accounted for. Here it is pertinent to mention that the base expense taken excludes the impact of additional recruitments. The GOP's recent increase with respect to the post retirement benefits has been taken on actual payments, in this regard, during the FY 2011-12.

12.3.7 Based on the discussion made in the preceding paragraphs, incorporating GOPs recent increases and annual assessments of salaries & wages for the FY 2012-13 of other DISCOs, the Authority has assessed Rs. 2,659 million on account of salaries, wages and other benefits for the FY 2012-13.

12.4 Maintenance Expenses

12.4.1 The Authority has approved Rs. 400 million in the tariff determination for FY 2011-12 under this head for the Petitioner.

12.4.2 The Petitioner has requested Rs. 600 million on account of repair and maintenance expense for the FY 2012-13. The actual cost on this account as per the audited accounts for the FY2011-12 is Rs. 620 million which is 22% in excess of expense ~~incurred~~ in FY

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2010-11 and 1.6 times in excess of expense assessed by the Authority for the FY 2011-12.

12.4.3 The Petitioner has not given any reason for excessive expense undertaken under this head in the latest financial year. Further, no break-up or basis has been provided for the requested expense.

12.4.4 The Authority is cognizant of the fact that this expense is affected by inflation as well as due to variation in the gross assets in operation as a result of addition of new consumers in the system and new investments. Similarly, it is also true that due to vast and scattered area of jurisdiction of QESCO, it has to incur more expense to repair and rehabilitate the system. Yet the Authority has to maintain prudency in allowing expense incurred and allow only justified cost in uniformity with other DISCOs.

12.4.5 Keeping in view, assessed costs, past trend and comparison with other DISCOs, the repair and maintenance cost of Rs. 440 million has been assessed for the FY 2012-13 in the instant case. Also, the Petitioner should rationalize and control the expense undertaken under this head as the gap between actual and assessed cost has increased by Rs. 180 million which ultimately increases losses and affects liquidity.

12.5 Traveling Expenses

12.5.1 The Authority has approved Rs. 114 million in the tariff determination for FY 2011-12 under this head for the Petitioner.

12.5.2 The Petitioner has requested Rs. 178 million on account of travelling expense for the FY 2012-13. The actual cost on this account as per the audited accounts for the FY2011-12 is Rs. 149 million which is 10% in excess of expense incurred in FY 2010-11 and 31% in excess of expense assessed by the Authority for the FY 2011-12.

12.5.3 The Petitioner has not provided any basis or justification for requested expense.

12.5.4 This is a matter of record that the GOP enhanced the daily rates both (special & normal) for the employees from grade 1-16, by an average of 90% , with effect from 1st July 2010. No increase was granted for the employees from grade 17 and above. Again the same has been raised on 17th August , 2012. This time it has also been increased for all the employees, starting from Grade 1 – 22, whereby the major rate increase is with respect to Grade 17 and above. Yet the Petitioner while requesting the Rs. 295 million for the FY 2011-12 , has not substantiated its request with any evidence or details of the actual TA claims designation wise, pertaining to the last year to justify its requested increase under this head.

12.5.5 Based on the above discussion, comparison with other DISCOs and Petitioner's actual results after the GOP's increase the Authority has decided to allow this cost to the tune of Rs. 139 million for the FY 2012-13.

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12.6 Vehicle Running Expenses

12.6.1 The Authority approved Rs. 169 million in the tariff determination for FY 2011-12 under this head for the Petitioner. The Authority, while determining the expense, had taken into account the number of vehicles and distribution area of petitioner. Therefore, well considered basis have been used for determining this expense.

12.6.2 The Petitioner has requested Rs. 236 million on account of vehicle running expense for the FY 2012-13. The actual cost on this account as per the audited accounts for the FY2011-12 is Rs. 230 million which is 14% in excess of expense incurred in FY 2010-11 and 36% in excess of expense assessed by the Authority for the FY 2011-12.

12.6.3 The petitioner has again not submitted any basis or justification for its projection.

12.6.4 The matter of the fact is that the Vehicle maintenance cost is not only affected by the fuel prices but also with the variation in the number of vehicles of the Petitioner, which in turn is dependant on the distribution area of the Petitioner.

12.6.5 In view of the aforementioned arguments, available evidence/information, past trend, increasing fuel prices and comparison with other DISCOs , the Authority has decided to allow this cost to the tune of Rs. 194 million under the head of vehicle running cost. Again the Authority directs the Petitioner to rationalize and control the expense undertaken under this head as the gap between actual and assessed cost has increased by Rs. 44 million which ultimately increases losses and affects liquidity

12.7 Other Expenses

12.7.1 The Authority approved Rs. 149 million in the tariff determination for FY 2011-12 under this head for the Petitioner.

12.7.2 The Petitioner has requested Rs. 421 million on account of other expenses for the FY 2012-13. The actual cost on this account as per the audited accounts for the FY2011-12 is Rs. 197 million which is 51% less than the expense incurred in FY 2010-11 yet 32% in excess of expense assessed by the Authority for the FY 2011-12.

12.7.3 The petitioner has not submitted any basis or justification for its projection. The requested expense has been bifurcated into Admin expenses, management fee and travelling expense. The expense in this head in FY 2011-12 is less than the actual expense in FY 2010-11 due to excessive expense incurred in FY 2010-11 under advertisement and publicity. The invoices in this respect were raised by PEPCO to DISCOs. No such substantial expense is incurred in FY 2011-12.

12.7.4 In view thereof, considering the past trend and comparison with the other DISCOs, it could be observed that the request of the Petitioner on this account is abnormal and not justified and needs to be rationalized. Hence, the Authority has decided to assess the cost of Rs. 164 million on the account of Other expenses.

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12.8 The Petitioner is allowed an overall O&M Cost of Rs. 3,576 million and a comparison of assessed cost with expense undertaken in FY 2011-12 and projected expense is as below;

Rs. In million

Description	2011-12 Audited	2012-13 Requested	2012-13 Assessed
Salaries & Other Benefits	2,524	3,014	2,638
Maintenance Expenses	620	600	440
Traveling Expenses	149	178	149
Vehicle Running Expenses	230	236	186
Other Expenses	197	421	164
Total	**3,720**	**4,449**	**3,576**

12.9 The gap between actual expense for FY 2011-12 and assessed expense for FY 2012-13 has increased by Rs. 144 million. The maximum gap in repair and maintenance and vehicle running expense. Therefore, the petitioner is again directed to control its expenditure and confirm compliance with Authority's directions w.r.t., O&M expense allowed. Further, the Petitioner is directed to submit detailed basis of its projections and bifurcation of expenses / income with its tariff petitions in future.

13 **Issue # 9. Whether the Petitioner's proposed depreciation charges of Rs. 862 million for the FY 2012-13 after accounting for projected additions to fixed assets, is correctly projected?**

13.1 The depreciation expense allowed to the petitioner for FY 2011-12 amounted to Rs. 983 million, and amortization of deferred credit amounted to Rs. 263 million, resulting in net depreciation charge of Rs. 720 million.

13.2 The depreciation expense requested by the Petitioner net of amortization for deferred credit for FY 2012-13 is Rs. 862 million. The actual net cost on this account as per the audited accounts for the FY 2011-12 is Rs. 714 million. The requested expense is 21% in excess of the projected expense and 20% in excess of the expense determined by the Authority for FY 2012-13. Here it is pertinent to mention that the Petitioner has undertaken revaluation of all the categories of property, plants and equipments in the FY 2011-12. As per the note 8.1 to the financial statements for FY 2011-12, the revaluation is based on the report of valuers M/s G3 Engineering Consultants (Pvt) limited and M/s Protectors dated November 16, 2011. As per the report the surplus on revaluation of assets duly recognized by QESCO in the financial statements is Rs. 37,608 million. Further, an independent firm of chartered accountants has reviewed the report of valuers and ahs confirmed the

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surplus arising on the revaluation of assets vide its report dated February 11, 2013. The basis for revaluation was present realizable value.

13.3 The Petitioner has undertaken the revaluation of assets for the first time as previously assets were being carried at cost. This revaluation is allowed under International Accounting standard 16 (IAS-16). Further, no incremental depreciation has been charged during the year as per note 8 to the financial statements. The depreciation expense of Rs. 714 million for FY 2011-12 is calculated on historic cost and not revalued amount as per the explanation by the Petitioner. For the purpose of calculation of depreciation charge for FY 2012-13, the Authority, as per its policy has used the cost of assets based on the assumption that had there been no revaluation of assets as of 30th June, 2012 (note 17.5 to the financial statements for FY 2011-12).

13.4 Keeping in view the aforementioned, the Authority assesses the depreciation expense for FY 2012-13 based on same mechanism as adopted for other DISCOs. For this purpose, Authority keeps in view the investments approved by the Authority. After taking into account new investments, the Gross Fixed Assets in Operation for the FY 2012-13 will be Rs. 28,934 million. Accordingly the depreciation charge for the FY 2012-13 would be Rs. 795 million.

13.5 After carefully examining the relevant details and information pertaining to the deferred credit and amortization as per the accounts for the FY 2010-11 & FY2011-12, the Authority has decided to assess amortization of deferred credit to the tune of Rs. 265 million for the FY 2012-13, thus passing on the benefit to this extent to the consumers. Accordingly, the consumers would bear net depreciation of Rs. 530 million.

14. **<u>Issue # 10. Whether the Petitioner's projected Return on Regulatory Asset base of Rs. 2,147 million for the FY 2012-13 is justified?</u>**

14.1 According to Rule 17(3)(iii) of the Tariff Standards and Procedure Rules 1998, tariffs should allow licensee a rate of return which promotes continued reasonable investment in equipment and facilities for improved and efficient service. For reliable supply of electricity the company has to be made viable for which the company should be allowed comparable return of similar business. In the earlier tariff determinations, the Rate of Return allowed to the Petitioner was the Weighted Average Cost of Capital (WACC) comprising of two components (i) Cost of debt & (ii) Cost of Equity. On the basis of above adjustment mechanism, the return allowed to the petitioner for FY 2011-12 amounted to Rs. 1,354 million.

14.2 The return requested by the Petitioner for FY 2012-13 is Rs. 2,147 million using a Return on rate of 10.60%.

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14.3 Keeping in view the uniformity of tariff, the Authority assesses the return on rate base for FY 2012-13 based on same mechanism as adopted for other DISCOs. The Authority in its decision pertaining to the FY 2011-12 decided to use post tax rate of return which would guarantee interest payments and return on the assumed optimum capital structure of 80:20 (Debt ; Equity). For the FY 2012-13, after considering the available record, latest 10 year PIB Bond auction, and current interest rates fluctuations, decided to use the same WACC rate of 10.73% as it used last year. Here it is pertinent to mention that the Authority would reconsider WACC of the Petitioner, once it is felt that the recent KIBOR changes have attained a stabilized position or at least entered into a consolidation phase

14.4 In the Authority's opinion the Rate of Return should be reasonable enough, sufficient to assure the confidence in the financial soundness of the utility company, and should be adequate to maintain and support its credit and enable it to raise money necessary for the proper discharge of its public service. The Authority considers that from the investor's or the company's point of view it is important that there be enough revenue not only for operating expenses but also for the capital cost of the business including the service of its debt. The Authority further considers that return to the equity owner should commensurate with the return on investment of other enterprises having comparable risks. Thus, using Post tax rate of return of 10.73%, the Authority has assessed Rs. 2,027 million as return on rate base as per the following calculations (using historic cost basis and assumption that had there been no revaluation):

14.5

Description	Rupees in Million	
	FY 2011-12 Audited	FY 2012-13 Projected
Opening fixed assets in operation	21,383	25,980
Assets Transferred during the year	4,597	2,954
Closing Fixed Assets in Operation	**25,980**	**28,934**
Less: Accumulated Depreciation	7,652	8,447
Net Fixed Assets in operation	**18,328**	**20,487**
+ Capital Work in Progress (Closing)	7,483	4,844
Total Fixed Assets	25,811	25,331
Less: Deferred Credit	5,815	7,551
Total	**19,996**	**17,780**
Average Regulatory Assets Base		18,888
Return on Rate Base @ 10.73%		2,027

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15 **Issue # 11. Whether the Petitioner's projected Other Income of Rs. 580 million for the FY 2012-13 based on the determined income for FY 2011-12, is reasonable?**

15.1 The Petitioner has projected Rs. 580 million as other income for the FY 2012-13 excluding late payment surcharge. The surcharge on late payment amounted to Rs. 1,774 million in FY 2010-11.

15.2 While evaluating the Petitioners request the Authority observed that the projection of the other income is inaccurate as it did not include the impact of amortization of deferred credit and other constituents of other income such as meter rental etc. is

15.3 Here it is pertinent to mention that CPPA on various fora agitated that the Authority has been disallowing markup on delayed payments to IPPs, at CPPA level, yet on the other hand late payment surcharge recovered from the consumers is adjusted against the Distribution Margin. PEPCO requested to off-set the two markups against each other. The Authority declined the request on the grounds that each company is different legal entity and in the absence of any sale/purchase agreements between CPPA and the DISCO, passing on such cost is legally not sustainable. The Authority further directed CPPA to enter into relevant bilateral agreements no later than 15th March 2011. Subsequently, the Petitioner was again directed to sign the contract in the tariff determination pertaining to FY 2011-12. But till today no progress has been made so far in this regard.

15.4 The Authority has been deducting Other Income from the Distribution Margin of the Petitioner considering it a non – regulated Income for a DISCO. Since CPPA has not entered into sale/purchase agreement with the DISCOs therefore in the absence of such agreements the Authority is constrained to continue with previous practice.

15.5 The Authority has decided to form its own basis for projecting other income and based on principles of rationality and in uniformity with other DISCOs, decided to asses Rs. 2,469 million as Other Income which also includes late payment surcharge.

15.6 Here it is pertinent to mention that the Authority vide letter NEPRA /TRF-100/401-08 dated 15th January, 2013 , has sought comments of all the stakeholders on a draft Power Sale Agreement submitted by GEPCO. The Petitioner is directed to submit its comments on the said draft at it earliest and directs the Petitioner to sign the PSA by 30th June, 2013.

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16 **Issue # 12. Whether the Petitioner's proposed investment plan of Rs. 3,600 million for the FY 2012-13 is justified keeping in view the prospective benefits?**

16.1 The Petitioner has requested for Rs. 3,600 million as investment plan for FY 2012-13. It intends to execute its development / investment plan for FY 2012-13 in the areas of distribution of power (DOP), energy loss-reduction (ELR), secondary transmission and grid (STG) and Power Distribution Enhancement program. The estimated expense is as under:

S. No	Particulars	Amount (Rs million)
1	Distribution of Power (DOP)	250
2	Energy Loss Reduction (ELR)	300
3	6th STG	1,000
4	Power Distribution Enhancement Project	550
5	Deposit works	1,500
	Total	**3,600**

16.2 The actual expense in FY 2011-12 as per the presentation of petitioner is Rs. 3,436 million on provisional basis as against the approved expense of Rs. 3,610 million. The source of financing of the projects as per Petitioner for FY 2012-13 is as below;

S. No	Source of Financing	Amount (Rs million)
1	PSDP	1660
2	Grant	1,425
3	Asian Development Bank	440
4	Capital Contribution	75
	Total	**3,600**

16.3 The Petitioner did not provide break-up of its projected expense or projects to be undertaken to substantiate its request. The same was requested from the Petitioner which was furnished via e-mail. As per the Petitioner following projects will be undertaken under each investment head;

Distribution of Power (DOP) and Energy Loss Reduction (ELR)

The Petitioner has submitted list of 70 feeders that will be rehabilitated / augmented under this investment head with an amount of Rs. 550 million.

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6th STG

Under this program one new grid station is planned to be constructed at Omara. Further, a new 155 km transmission line will be laid from Pasni to Omara.

Power Distribution Enhancement Project

Under this program 15 grid stations will be augmented and capacity will be enhanced. These include Gwadar, Sibi, Zehri, Quetta Industrial, Khanozai, Muslim Bagh, Yaru, Killa Saifullah, Wadh, Khudkucha, Kharan, Surab, Suhbatpur and Duki. Further, two capacitors are planned to be installed.

Deposit works

Under Deposit works, the Petitioner has planned to undertake village electrification under PWP-I and PWP-II. Further, certain provincial and federal government funded projects shall be completed under this head.

16.4 The Authority while deciding the tariff petition for the FY 2011-12 directed the Petitioner to submit cost benefit analysis of the investments carried out during the FY 2011-12. The compliance of which was not made. For the instant tariff petition, although petition includes some details on the subject of investments yet again, it fails to quantify the perceived benefits of aforementioned investments e.g. correlation between ELR and reduction/maintenance of losses, augmentation and maintenance of transmission lines with STG, DOP with better customer services etc. While requesting the aforementioned investments the Petitioner has not provided any evidence e.g. PC-1 or details pertaining to the exact identification of proposed investment plans. It appears as if the objective of FORM 27 (B) was not clear to the Petitioner. Despite the aforementioned reasons, the Authority cannot ignore the requirement of investments in order to improve the system. It is to be noted that the purpose of the required information is to monitor the effectiveness of these investments.

16.5 Based on the available record, arguments, evidence and the fact that these allowed investments indirectly affect the annual Return on Rate Base (RORB) for a DISCO, hence while allowing investments for any control period the Authority has to keep in view the past trend of investment made by the Petitioner along with its funding arrangements and its previous trend of closing CWIP and transferring of useful assets from CWIP to operating assets. Based thereon, it is expected that the Petitioner would be able to undertake the investment of Rs. 3,600 million during the FY 2012-13 (including the impact of consumer contributions of Rs. 2,000 million). Here it is pertinent to mention that the existing mechanism of determining RORB is self adjusting with respect to the benefits of investments, thus any investments beyond Authority's assessment, carried out by the Petitioner during the FY 2012-13(which is desirable), would be catered for in next year's returns.

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17 **<u>Issue # 13. Whether the Petitioner's request of Rs. 655 million on account of provision for bad debts is justified?</u>**

17.1 The Petitioner has requested Rs. 655 million as Provision for bad debts.

17.2 In the past, keeping in view the peculiar area in which the Petitioner operates, the Authority has been allowing the Petitioner a reasonable level of provision against doubtful debts. But the allowed provision has not been consistent with actual write-offs. Considering the documents required for new connection/extension and reduction of load or change of name in terms of Chapter 2.3 (b) & (h) of the Consumer Service Manual, the risk of credit sales transfers to the third party, i.e., Owner of the premises or purchaser of the property. Currently DISCOs are functioning in a monopolized environment and in case of default the connection of the premises, if disconnected, cannot be restored till the outstanding dues are paid. Electricity in today's life is a basic necessity and the consumers cannot afford to live without it and as per referred Chapter of Consumer Service Manual, the risk transfers to the occupant of the premises. In addition to this, at the time of connection, DISCO also collects one months billing from the consumers in the shape of security deposits, which also serves as a deterrence for a consumer to default.

17.3 In view of aforementioned, the Authority considering the previous trend of actual write-offs, has decided to allow actual write offs of debtors on actual basis rather than allowing provision for doubtful debts for future assessments. Thus, for the FY 2012-13, the actual write offs were nil hence nothing is allowed on this account.

18 **<u>Issue # 14. Whether the prior year adjustment of Rs. 3,169 million as calculated by the Petitioner is correct?</u>**

18.1 In the tariff determination pertaining to FY 2011-12, the Authority approved Rs. 281 million on account of Prior Year Adjustment (*PYA).

18.2 The Petitioner in the tariff petition for FY 2012-13, has requested an overall Prior Period Adjustment of Rs. 3,169 million. The break-up of request is given as under;

Rs. in Million

Less Recovery on account of Power Purchase due to delayed notification of tariff	2,479
Less Recovery on account of O&M due to delayed notification of tariff	269
Non-Recovery of PYA due to delayed	170

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notification of tariff	
Less Recovery due to Sales Mix	251
Total	**3,169**

18.3 The Authority after careful consideration has assessed the following Prior Period Adjustment;

		Rs. Million
	Notified reference PPP during the FY 2011-12	40,313
	Assessed Distribution Margin for the FY 2011-12	5,226
	Assessed PYA for the FY 2011-12	281
Add;	1st Qrt's PPP adjustment pertaining to the FY 2011-12	477
Add;	2nd Qrt's PPP adjustment pertaining to the FY 2011-12	114
Add;	3rd Qrt 's PPP adjustment pertaining to the FY 2011-12	406
Add;	4th Qrt's PPP adjustment pertaining to the FY 2011-12	876
Less;	Regulated PPP recovery on notified rates during the FY 2011-12	40,701
Less;	Regulated DM recovery on notified rates during FY 2011-12	7,263
Less;	Regulated PYA recovery on notified rates during FY 2011-12	859
Add;	Net impact of assessed & actual Other Income for the FY 2011-12	(1,927)
Add;	Impact of Consumer – Mix Variance for the FY 2011-12	(7)
Total Uncovered Costs for the FY 2011-12		**(3,064)**

19. **Issue # 15. Whether the financial charges amounting to Rs. 2,849 million claimed by the Petitioner is justified?**

19.1 The Authority has not approved any financial charges in the tariff determination for FY 2011-12.

19.2 The petitioner has requested for financial charges amounting to Rs. 2,849 million on the circular debt of Rs. 136 billion borrowed by GoP on behalf of DISCOs. The share of QESCO in the debt is Rs. 22 billion at a mark-up of 3 month KIBOR + 2%.

19.3 The Authority has observed that almost all the XWDISCOs have requested to include financing cost in the revenue requirement for the FY 2012-13. As per XWDISCOs, the financing cost pertains to the loan procured on the direction of Federal Government to settle the liabilities towards the CPPA on account of the PPP outstanding payments. Some of the DISCOs while justifying the interest pleaded that it is due to the late determination of FPA by NEPRA. The overall loan amount to Rs. 160 billion, out of which 136 billion has been disbursed by the lending institution to the Power Holding (Pvt) Limited for onward payment to CPPA to pay off the obligations towards generation companies and oil companies.

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19.4 Upon the scrutiny of the lending documents, it was revealed that the said loan was allocated to DISCOs on the basis of outstanding CPPA receivables, as on 31st December, 2011.

19.5 The supporting documents and evidences in this regard does not substantiate Petitioner's claim as if the said loan was purely procured with respect to delayed FPA payments , then they could have gone for short – term financing rather than for a period of 7 years . Further, the pertinent question in this regard is, why XWDISCOs were not pushed enough by the Owner of the Company i.e. GOP, to improve their recoveries and regulatory targets? And last but not the least, it is not clear that whether the amount of loan includes any costs which the Authority has been disallowing in the past ? The very arrangement of the loan is also debatable, whereby centrally a loan is procured and then allocated to individual DISCO. Had this been done by individually by each DISCO, the situation would have been much convincing.

19.6 Having said that, this issue highlights DISCO's genuine need for working capital (short – term financing e.g. running finance, local L/Cs etc).

19.7 Based on the discussion above, the Authority has decided to decline Petitioner's request on the present arrangement of loan but at the same time directs all the XWDISCOs (including Petitioner) to file their genuine working capital requirement needs, which may be considered in future.

20. <u>Issue # 16. Whether the proposed revenue requirement Rs. 66,151 million at an average sale rate of Rs. 16.02/kWh, is correct and justified?</u>

20.1 Annual Revenue Requirement comprises of the following:

1. Power Purchase Price
2. Impact of T&D Losses
3. Distribution Margin
   i) O&M Expenses
   ii) Depreciation, RORB and Other Income
4. Prior Year Adjustment

20.2 For the assessment of annual revenue requirement the each components of average tariff is discussed in detail in the succeeding paragraphs.

20.3 Power Purchase Price (PPP)

20.3.1 All the power generated from different sources is procured by the Central Power Purchasing Agency (CPPA) on behalf of DISCOs at the rates as per the Power

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Purchase Agreements (PPAs). The overall power purchase cost constitutes a pool price which is transferred to the DISCOs according to a mechanism prescribed by the Authority and notified by the Federal Government in its Official Gazette. The Power Purchase Price for FY 2012-13 has been projected, which in turn formulates the reference values for the monthly fuel adjustments & quarterly adjustments with respect to Capacity and Transmission Charges. The Petitioner contended that the cost of electricity purchased is a "pass through item," to be recovered from the consumers through the tariff on the basis of units sold, without affecting its Distribution Margin. The petitioner projected its average power purchase cost (Provisional and un-adjusted) for the FY 2012-13 to be Rs. 10.00 /kWh.

20.3.2 From all the available sources i.e. hydel, thermal-gas, thermal-oil, nuclear, coal and imports, a total of 91,293 GWh power is expected to be generated during the FY 2012-13. The estimated/projected source-wise generation and cost of electricity is given in the following table:

Description	Generation		Energy Charges	
	GWh	Share	Rs. Million	Share
Hydel	28,047	30.72%	1,768	0.24%
Coal	66	0.07%	246	0.03%
HSD	1,854	2.03%	39,090	5.40%
Thermal - RFO	31,869	34.91%	533,815	73.80%
Thermal - Gas	23,931	26.21%	134,480	18.59%
Nuclear	4,675	5.12%	5,338	0.74%
Mixed	585	0.64%	6,139	0.85%
Import from Iran	259	0.28%	2,462	0.34%
Wind	8	0.01%	0.0306	0.00%
Total	**91,293**	100%	**723,340**	100%
Capacity Charge			**194,233**	
Total Generation Cost			**917,573**	

20.3.3 Here it is pertinent to mention that the aforementioned Energy charge includes variable O&M charges. But as per the revised tariff methodology, variable O&M charges would not be made part of monthly fuel adjustment and would be adjusted as part of quarterly adjustment. From the above table it is clear that 35% of total generation is expected on Residual Fuel oil (RFO) but its share in overall energy cost is to be 75%, which means that variation in generation mix and oil prices will have great impact on the cost of generation and will ultimately affect the consumer-end tariff. The RFO prices over the last year have shown an increasing trend. During the FY

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2011-12, the average RFO price was projected within a range of Rs. 66,723 per metric ton to Rs. 63,000 per metric ton [excluding Sales Tax] per metric ton, whereby the RFO prices during the CY 2012 have touched a peak of Rs. 78,000 to 79,000 [excluding Sales Tax] per metric ton. The RFO prices in Pakistan are not only affected by the international market but also by the Pak Rupee devaluation. For the FY 2012-13, RFO prices have been assumed on an average of Rs. 79,833 per metric ton [excluding Sales Tax] after incorporating the possible determinants of RFO prices. Following the previous generation trend, approximately 2.00% generation is expected to be generated on HSD due to the ongoing shortage of gas supply. The aforementioned generation is assumed in the light of ECC decision in the matter of Sapphire, Halmore, Orient and Saif whereby one turbine of these plants would run on HSD throughout the year. For the FY 2011-12, the HSD prices are being assumed on an average of Rs. 99.23 per liter [excluding Sales Tax]. The gas prices are also revised as per the latest OGRA's notification with a cushion of expected increase.

20.3.4 The generation cost is transferred to the DISCOs according to the Transfer Price Mechanism (TPM) as prescribed by the Authority in its decision dated 9th May, 2012 and its subsequent notification by GOP through SRO .903(I)/2011 , dated 30th September, 2011.

20.3.5 NTDC shall charge the DISCOs formed consequent to the unbundling of WAPDA (termed as XWDISCOs) and KESC, a transfer charge for procuring power from approved generating companies (termed as CPGENCOs) and its delivery to DISCOs for a billing period as under:

XTC = XCTC + XETC

Where:

XTC = Transfer charge to XWDISCOs & KESC

XCTC = Capacity Transfer Charge to XWDISCOs & KESC

XETC = Energy Transfer Charge to XWDISCOs & KESC

$$XCTC = \frac{CpGenCap + USCF}{XWD}$$

Where:

(i) CPGenCap = the summation of the capacity cost in respect of all CPGencos in Rs for a billing period minus the amount of liquidated damages received during the month.

(ii) XWD = the sum of the maximum demand of the XWDISCOs & KESC in kW recorded during a billing period at all the delivery metering points

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		at which power is received by the XWDISCOs & KESC.
(iii) USCF	=	the fixed charge part of the use of system charges in Rs per kW per month.

XETC	=	CpGenE (Rs) XWUs (kWh)

Where:

(i)	CPGenE	=	the summation of the variable charge rate (Rs per kWh) approved for each of the CPGenCOs times the energy in kWh procured from the respective CPGENCO during the billing period.
(ii)	XWUs	=	the summation of the energy units (kWh) recorded at the delivery metering point of all the XWDISCOs & KESC during a billing period.

Energy transfer charge shall be calculated on the basis of units delivered after adjusting target transmission losses of 2.5%. NTDC shall, for the purpose of clarity intimate to all DISCOs the generation part of the Transfer Charge during a billing period by deducting from the Transfer Charge the Transmission Charge or Use of System Charges.

20.3.6 According to the above mechanism Rs. 9,402 million and Rs. 891 million is the share of the Petitioner on account of CpGenCap and USCF respectively for the FY 2012-13. The overall fixed charges comprising of CpGenCap and USCF in the instant case work out as Rs. 10,293 million, which translate into Rs. 1,035/kW/month or Rs.1.94/kWh.

20.3.7 The annual PPP for the FY 2012-13 in the instant case works out as Rs. 53,934 million. With the projected purchase of 5,296 GWh for the same period the average PPP turns out to be as Rs. 10.18 / kWh (Annex – IV). On the basis of 18% T&D losses, the PPP per kWh is assessed as Rs. 12.42 /kWh.

20.3.8 Considering the timing of the determination the Authority has decided to include quarterly adjustment pertaining to the first two quarters of the FY 2012-13. In the matter of Petitioner the 1st and 2nd quarters PPP adjustment works out as Rs. 850 million and Rs. (1,111) million respectively.

20.4 Distribution Margin (DM)

20.4.1 The Petitioner has requested to allow a Distribution Margin of Rs. 7,533 million for the FY 2012-13 which is inclusive of O&M Cost, Depreciation, RORB, Other income and provision for bad debts. The assessment of each of the expense, other income and the matter of provision for bad debt has been discussed earlier in the decision.

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20.5 If the Petitioner is obligated to pay any tax during the FY 2012-13, this would be considered as Pass through and would be allowed on the basis of actual payments made during FY 2012-13 duly supported with verifiable documentary evidence.

20.6 Based on the assessments made in the preceding paragraphs the Revenue Requirement for the FY 2012-13 is assessed as per the following details;

1.	Power Purchase Price		Rs. 53,934 Million
	CpGenE	Rs. 43,641 Million	
	CpGenCap	Rs. 9,402 Million	
	USCF	Rs. 891 Million	
2.	Distribution Margin		Rs. 3,947Million
	O&M Cost	Rs. 3,576 Million	
	Depreciation	Rs. 795 Million	
	RORB	Rs. 2,027Million	
	Gross DM	Rs. 6,416Million	
	Less: Other Income	Rs. 2,469Million	
	Net DM	**Rs. 3,947Million**	
	1st Qrt PPP Adjustment	Rs. 850 Million	
	2nd Qrt PPP Adjustment	Rs. (1,111)Million	
	Total PPP Adjustment		Rs (261) Million
	Prior Year Adjustment		Rs. (3,064) Million
	Total Assessed Revenue Requirement		**Rs. 54,556 Million**

20.7 Based on the targeted sales of 4,343 GWh for the FY 2012-13, the Petitioner's average sale rate works out Rs. 12.56/kWh, consisting of Rs.12.42/kWh of adjusted PPP, Rs. 0.91 /kWh of DM , PPP Adjustments for two qrts of FY 2012-13 Rs. (0.06) / kWh and Rs. (0.71)/Kwh of Prior Year Adjustment.

20.8 This revenue would be recovered from the consumers during the FY2012-13, through the projected units of 4,343 GWh, as per Annex – II.

21. <u>Issue # 17. The request of Government of Balochistan for extending grace period for payment of electricity bills to 30 days from 15 days.</u>

21.1 Government of Balochistan (GOB) requested that 15 days grace period allowed for the payment of electricity bill has created a lot of problems for the provincial government department in the payment of their electricity bills, keeping in view the present monthly meter reading and bill schedule of the company.

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21.2 As per GOB, bill is received in the department four/five days before the due date. The bill takes minimum ten days in delivery to revenue officer, sub division office before being received by the concerned department. According to GOB, issue date shown in each bill is always incorrect. Therefore, GOB requested NEPRA to consider the solicited extension for 30 days from 15 days payment period in the best interest of GOB.

21.3 The comments were sought from all the DISCOs on the subject matter. The petitioner has not given any comments in the matter. However, other DISCOs including HESCO, PESCO, IESCO, MEPCO, GEPCO and LESCO, through their written comments, have agitated the request by quoting extreme liquidity position in the sector along with reference to the consumer services manual.

21.4 The matter was discussed in the hearing for tariff determination of FY 2012-13, and the Petitioner stated the delay in payment to be on the part of GoB and claimed prompt delivery of bill to GoB. The Authority required written comments from the Petitioner in this regard, however, the same has not been furnished as yet.

21.5 Noting the non-compliance of QESCO with Authority's directions, and based on the comments of DISCOs, the request of GOB is declined by the Authority.

22. <u>Issue # 18. The contentions raised by Steel Melters Association on the issue of FPA are justified?</u>

22.1 Steel Melters Association approached NEPRA on the subject issue. They contented that they sell their goods in a particular month and accordingly pay their electricity bills in the respective months. Once they do that they consider their transaction close for the particular month. The current FPA regime bounds them to pay for a month retrospectively for which their goods were already sold.

24.2 The Authority after hearing the arguments of SMA considers that the issue of retrospective recovery of FPA is highly debatable as the normal electricity bills are also paid retrospectively whereby consumers pay their bills of electricity consumption after a month. Here it is pertinent to mention that the FPA charge is made on the particular month's consumption for that particular connection. Any other option of advance billing, as was discussed in the hearing, may result in overbilling of that particular consumer and Authority cannot support a mechanism which eventually ends up as a tool of harassment for consumers. The only judicious way to recover a cost over and above monthly fuel references, is through its retrospective implementation on the particular month's consumption only. However, as per the tariff methodology in vouge, the Authority may review the monthly reference of fuel price adjustment considering any abnormal changes in fuel prices or generation mix. In view thereof, the Authority has decided to revise the references as discussed under the Issue of PPP.

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23. Summary of Directions

23.1 The summary of all the directions passed in this determination are reproduced hereunder;

- To submit month-wise details of detection billing w.e.f., May, 2013 till further orders in this regard.
- To submit accurate data on number of TOU connections (including all agriculture tubewells) not later than 31st May, 2013 and use the same as basis for submitting future progress reports.
- To file a separate request before the Authority for exclusion of any connection from TOU meters installation with proper justification and calculations.
- To submit details of campaign and training of staff regarding TOU meters by 31st May, 2013.
- To complete installations of TOU metering by 30th June, 2013 on all the connections (including tubewell connections). Further, a month-by-month progress report on installation of TOU meters to be submitted w.e.f., May, 2013.
- To submit details of new recruitments under Balochistan Package alongwith justifications and placements before 30th June, 2013.
- To complete the regularization of illegal tubewell connections not later than 30th June, 2013.
- To submit a comprehensive report regarding facts/progress of regularization of illegal tubewell connections not later than 31st May, 2013.
- The reconciliation of receivables from GoB on account of utility bills to be completed not later than 31st May, 2013 and the reconciled amount to be recovered not later than 30th June, 2013 under intimation to the Authority.
- To initiate inquiries against any officer involved in over-billing and submit month-wise details of billing (segregated into type of billing such as normal, average, assessed, detection billing) and recovery there against to the Authority w.e.f., May, 2013 till further orders in this regard.
- To get a certificate from its Auditor on the reported figure of debtors (including receivables from GoB and GoP) no later than 30th June, 2013.
- To submit compliance report on joint load verification of tubewell connections by 31st May, 2013.
- To submit signed verification reports to GoB as complained by it no later than 31st May, 2013.
- To submit agreed average daily supply hours and connected load of tubewell connections along with future billing mechanism not later than 30th June, 2013.

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- To install meters on all government connections not later than 30th June, 2013. Further, the Petitioner is directed to submit details of number of government connections duly bifurcated into metered and un-metered connections not later than 31st May, 2013 and to submit a month-wise metering progress report w.e.f., May, 2013.
- To take up the matter of recovery of subsidy on agriculture tubewell connections for the period 1st July, 2010 to November 30, 2012 with the GoP under intimation and progress report to the Authority not later than 31st May, 2013.
- To complete the creation of Independent Post retirement benefits funds by 30th June, 2013 and make uniform regulations for this purpose.
- WAPDA and Others (including Petitioner) to come up clearly on the settlement modality of accumulated costs in this regard till 30th June 2012 and a way forward for the future payments of these retired employees not later than 30th June, 2013.
- To hire independent engineers to complete the study of T&D losses as per Authority's approved TORs and submit the study no later than 30th June, 2013.
- to present accurate break-up of T&D losses duly supported by study of independent firm of engineers not later than 30th June, 2013
- To get the reported figure of additional recruitments verified by its Auditor and if it plans to carryout replacement hiring, a certificate from the Auditor of the Petitioner certifying that the recruitment is done as replacement hiring with no additional/incremental cost impact.
- To control its expenditures and confirm compliance with Authority's directions w.r.t., allowed O&M expenses. Further, to submit detailed basis of projections and bifurcation of expenses / income alongwith the tariff petitions in future.
- To submit its comments on draft Purchase and Sale Agreement (PSA) with CPPA at its earliest and sign the PSA not later than 30th June, 2013.
- To file genuine Working capital requirement needs, which may be considered in future.
- To submit comments on TOU metering for cellular companies (issue raised by IESCO) not later than 30th May , 2013.

- To submit comments on changing terms and conditions of life line consumers, (as proposed by IESCO) not later than 30th May, 2013.

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22. ORDER

I. Quetta Electric Supply Company (QESCO) is allowed to charge its consumers such tariff as set out in the schedule of tariff for QESCO as per Annex-III.

II. The actual variation in fuel cost component of power purchase price against the reference fuel cost component shall be adjusted on monthly basis without taking into account the T&D losses. The monthly fuel price adjustment shall be based on the actual information submitted by CPPA. The adjustment shall be determined. Adjustment on account of T&D losses, variation in capacity and transmission charges will be considered quarterly.

III. The terms and conditions related to the schedule of tariff shall be those as attached to this determination as Annex-V.

IV. QESCO is allowed to charge Bulk Power Consumers through second tier authorization, if any, a use of system charge (UOSC) equal to:

i) Where only 132 kV system is involved

$$UOSC \quad = \quad DM \quad \times \quad \frac{(1-L)}{(1-0.0758)} \quad Paisa/kWh$$

ii) Where only 11 kV distribution systems is involved.

$$UOSC \quad = \quad DM \quad \times \quad \frac{(1-L)}{(1-0.05)} \quad Paisa/kWh$$

iii) Where both 132 kV and 11 kV distribution systems are involved.

$$UOSC \quad = \quad DM \quad \times \quad \frac{(1-L)}{(1-0.1258)} \quad Paisa/kWh$$

Distribution Margin for FY 2012-13 is set at Rs 0.91 /kWh. 'L' will be the overall percentage loss assessment for the year set at 18.00% for the FY 2012-13.

V. The residential consumers will be given the benefit of only one previous slab.

VIII. The Order part, Annex-I, III, IV &V annexed with determination is intimated to the Federal Government for notification in the official gazette under Section 31(4) of the NEPRA Act.

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Annex-I

FUEL PRICE ADJUSTMENT MECHANISM

Actual variation in fuel cost component against the reference fuel cost component for the corresponding months will be determined according to the following formula

Fuel Price variation = Actual Fuel Cost Component - Reference Fuel Cost Component

Where:

Fuel Cost Component would include Energy Charge without Variable O&M.

Fuel Price variation is the difference between actual and reference fuel cost component

Actual fuel cost component is the fuel cost component in the pool price on which the DISCOs will be charged by CPPA in a particular month; and

Reference fuel cost component is the fuel cost component for the corresponding month projected for the purpose of tariff determination as per Annex-IV of the determination;

The fuel price adjustment determined by the Authority shall be shown separately in the bill of the consumer and the billing impact shall be worked out on the basis of consumption by the consumer in the respective month.

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Quetta Electric Supply Company (QESCO)
Estimated Sales Revenue on the Basis of New Tariff

(0)

Description	Sales GWh	Sales Mix	Tariff (NEPRA) Fixed Charge Rs./kW/ Month	Tariff (NEPRA) Variable Charge Rs./ kWh	Revenue (as per NEPRA) Fixed Charge Rs.Million	Revenue (as per NEPRA) Variable Charge Rs.Million	Revenue (as per NEPRA) Total Rs. Million
Residential							
Up to 50 Units	16	0.37%		4.00	-	65	65
For peak load requirement less than 5 kW							
01-100 Units	287	6.62%		11.00	-	3,162	3,162
101-300 Units	102	2.34%		14.00	-	1,424	1,424
301-700Units	27	0.62%		16.00	-	431	431
Above 700 Units	94	2.16%		18.00	-	1,690	1,690
For peak load requirement 5 kW & above	-						-
Time of Use (TOU) - Peak	2	0.04%		18.00		33	33
Time of Use (TOU) - Off-Peak	17	0.38%		12.50		209	209
Total Residential	**545**	**12.54%**			**-**	**7,014**	**7,014**
Commercial - A2							
For peak load requirement less than 5 kW	59	1.36%		18.00	-	1,066	1,066
For peak load requirement 5 kW & above							
Regular	3	0.07%	400.00	16.00	18	52	70
Time of Use (TOU) - Peak	7	0.17%		18.00		134	134
Time of Use (TOU) - Off-Peak	35	0.80%	400.00	12.50	231	434	664
Total Commercial	**105**	**2.41%**			**249**	**1,685**	**1,934**
Industrial							
B1	8	0.19%		14.50		117	117
B1 - TOU (Peak)	2	0.04%		18.00	-	30	30
B1 - TOU (Off-peak)	10	0.23%		12.50	-	123	123
B2	0	0.01%	400.00	14.00	1	5	6
B2 - TOU (Peak)	8	0.19%		18.00		150	150
B2 - TOU (Off-peak)	54	1.25%	400.00	12.30	124	668	792
B3 - TOU (Peak)	3	0.06%		18.00		50	50
B3 - TOU (Off-peak)	45	1.03%	380.00	12.20	45	544	589
B4 - TOU (Peak)	-	0.00%		18.00		-	-
B4 - TOU (Off-peak)	-	0.00%	360.00	12.10	-	-	-
Total Industrial	**130**	**2.99%**			**171**	**1,688**	**1,858**
Single Point Supply for further distribution							
C1(a) Supply at 400 Volts-less than 5 kW	0	0.01%		15.00	-	6	6
C1(b) Supply at 400 Volts- 5 kW &	9	0.20%	400.00	14.50	9	128	137
Time of Use (TOU) - Peak	1	0.03%		18.00		26	26
Time of Use (TOU) - Off-Peak	8	0.19%	400.00	12.50	10	100	110
C2 Supply at 11 kV	19	0.43%	380.00	14.30	26	269	295
Time of Use (TOU) - Peak	10	0.24%		18.00		184	184
Time of Use (TOU) - Off-Peak	43	1.00%	380.00	12.30	48	533	582
C3 Supply above 11 kV	-	0.00%	360.00	14.20	-	-	-
Time of Use (TOU) - Peak	-	0.00%		18.00		-	-
Time of Use (TOU) - Off-Peak	-	0.00%	360.00	12.20	-	-	-
Total Single Point Supply	**91**	**2.10%**			**92**	**1,247**	**1,340**
Agricultural Tube-wells - Tariff D							
Scarp	230	5.30%		13.01		2,997	2,997
Agricultual Tube-wells	3,169	72.96%	200.00	11.51	2,092	36,470	38,562
Time of Use (TOU) - Peak	5	0.11%		17.00		84	84
Time of Use (TOU) - Off-Peak	60	1.39%	200.00	10.00	43	604	647
Total Agricultural	**3,464**	**79.77%**			**2,135**	**40,156**	**42,290**
Public Lighting - Tariff G	8	0.18%		15.00	-	120	120
Tariff H - Residential Colonies attached to industries	0	0.00%		15.00	-	1	1
Tariff I- Railway Traction	-						
Sub-Total		**0.18%**			**5**	**5**	**5**
Total Revenue	**4,343**	**100.000%**			**2,646.40**	**51,910**	**54,556**

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Annex-III

SCHEDULE OF ELECTRICITY TARIFFS FOR QUETTA ELECTRIC SUPPLY COMPANY (QESCO)

A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
a)	For Sanctioned load less than 5 kW			
i	Up to 50 Units	-	4.00	
	For Consumption exceeding 50 Units			
ii	01-100 Units	-	11.00	
iii	101-300 Units	-	14.00	
iv	301-700Units	-	16.00	
v	Above 700 Units	-	18.00	
b)	For Sanctioned load 5 kW & above			
			Peak	Off-Peak
	Time Of Use	-	18.00	12.50

As per the Authority's decision, residential consumers will be given the benefits of only one previous slab.

Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed.

a) Single Phase Connections: Rs. 75/- per consumer per month
b) Three Phase Connections: Rs. 150/- per consumer per month

A-2 GENERAL SUPPLY TARIFF - COMMERCIAL

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
a)	For Sanctioned load less than 5 kW		18.00	
b)	For Sanctioned load 5 kW & above	400.00	16.00	
			Peak	Off-Peak
c)	Time Of Use	400.00	18.00	12.50

Under tariff A-2, there shall be minimum monthly charges at the following rates even if no energy is consumed.

a) Single Phase Connections; Rs. 175/- per consumer per month
b) Three Phase Connections: Rs. 350/- per consumer per month

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SCHEDULE OF ELECTRICITY TARIFFS
FOR QUETTA ELECTRIC SUPPLY COMPANY (QESCO)

B INDUSTRIAL SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
B1	Upto 25 kW (at 400/230 Volts)	-		14.50
B2(a)	exceeding 25-500 kW (at 400 Volts)	400.00		14.00
	Time Of Use		Peak	Off-Peak
B1 (b)	Up to 25 KW		18.00	12.50
B2(b)	exceeding 25-500 kW (at 400 Volts)	400.00	18.00	12.30
B3	For All Loads up to 5000 kW (at 11,33 kV)	380.00	18.00	12.20
B4	For All Loads (at 66,132 kV & above)	360.00	18.00	12.10

For B1 consumers there shall be a fixed minimum charge of Rs. 350 per month.
For B2 consumers there shall be a fixed minimum charge of Rs. 2,000 per month.
For B3 consumers there shall be a fixed minimum charge of Rs. 50,000 per month.
For B4 consumers there shall be a fixed minimum charge of Rs. 500,000 per month.

C - SINGLE-POINT SUPPLY FOR PURCHASE IN BULK BY A DISTRIBUTION LICENSEE AND MIXED LOAD CONSUMERS NOT FALLING IN ANY OTHER CONSUMER CLASS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
C -1	For supply at 400/230 Volts			
a)	Sanctioned load less than 5 kW	-		15.00
b)	Sanctioned load 5 kW & up to 500 kW	400.00		14.50
C -2(a)	For supply at 11,33 kV up to and including 5000 kW	380.00		14.30
C -3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00		14.20
	Time Of Use		Peak	Off-Peak
C -1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	400.00	18.00	12.50
C -2(b)	For supply at 11,33 kV up to and including 5000 kW	380.00	18.00	12.30
C -3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	360.00	18.00	12.20

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SCHEDULE OF ELECTRICITY TARIFFS
FOR QUETTA ELECTRIC SUPPLY COMPANY (QESCO)

D - AGRICULTURE TARIFF

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh	
D-1(a)	SCARP less than 5 kW	-		13.01
D-2	Agricultural Tube Wells	200.00		11.51
			Peak	Off-Peak
D-1(b)	SCARP and Agricultural 5 kW & above	200.00	17.00	10.00

Under this tariff, there shall be minimum monthly charges Rs.350/- per consumer per month, even if no energy is consumed.

Note:- The consumers having sanctioned load less than 5 kW can opt for TOU metering.

E - TEMPORARY SUPPLY TARIFFS

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
E-1(i)	Residential Supply	-	18.00
E-1(ii)	Commercial Supply	-	18.00
E-2	Industrial Supply	-	14.50

For the categories of E-1(i&ii) above, the minimum bill of the consumers shall be Rs. 50/- per day subject to a minimum of Rs.500/- for the entire period of supply, even if no energy is consumed.

F - SEASONAL INDUSTRIAL SUPPLY TARIFF

125% of relevant industrial tariff

Note:

Tariff-F consumers will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of a new connection or at the beginning of the season. Once exercised, the option remains in force for at least one year.

G- PUBLIC LIGHTING

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
	Street Lighting	-	15.00

Under Tariff G, there shall be a minimum monthly charge of Rs.500/- per month per kW of lamp capacity installed.

H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES Rs/kW/M	VARIABLE CHARGES Rs/kWh
	Residential Colonies attached to industrial premises	-	15.00

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QESCO Power Purchase Price

Name	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	429	383	433	451	446	426	361	388	493	458	506	522	5,296

kWh

Fuel Cost Component	7.0622	7.0755	6.2493	7.4924	6.9656	7.8690	9.5849	7.8430	9.9213	9.9751	8.3697	7.5103	**8.0064**
Variable O&M	0.2185	0.2069	0.2024	0.2316	0.2240	0.2461	0.2621	0.2466	0.2512	0.2553	0.2361	0.2208	**0.2333**
CpGenCap	1.7721	1.9467	1.4556	1.7677	1.7260	1.9928	2.6188	2.1426	1.5865	1.5873	1.6536	1.3908	**1.7751**
USCF	0.1659	0.1754	0.1545	0.1630	0.1636	0.1723	0.2158	0.2024	0.1552	0.1582	0.1669	0.1460	**0.1683**
Total PPP in Rs./kWh	**9.2186**	**9.4045**	**8.0619**	**9.6547**	**9.0793**	**10.2802**	**12.6816**	**10.4346**	**11.9142**	**11.9759**	**10.4263**	**9.2680**	**10.1831**

Rs. in Million

Fuel Cost Component	3,032	2,712	2,705	3,377	3,109	3,351	3,464	3,040	4,887	4,571	4,236	3,921	**42,405**
Variable O&M	94	79	88	104	100	105	95	96	124	117	119	115	**1,236**
CpGenCap	761	746	630	797	770	849	947	831	782	727	837	726	**9,402**
USCF	71	67	67	73	73	73	78	78	76	72	84	76	**891**
PPP	**3,957**	**3,605**	**3,489**	**4,352**	**4,052**	**4,378**	**4,584**	**4,045**	**5,869**	**5,488**	**5,276**	**4,839**	**53,934**

It is clarified that PPP is pass through for all the DISCOs and its monthly references would continue to exist irrespective of the financial year, unless the new SOT is revised and notified by the GOP

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Annex-V

TERMS AND CONDITIONS OF TARIFF (FOR SUPPLY OF ELECTRIC POWER TO CONSUMERS BY DISTRIBUTION LICENSEES)

PART-I

GENERAL DEFINITIONS

The Company, for the purposes of these terms and conditions means Quetta Electric Supply Company (QESCO) engaged in the business of distribution of electricity within the territory mentioned in the licence granted to it for this purpose.

1. "Month or Billing Period", unless otherwise defined for any particular tariff category, means a billing month of 30 days or less reckoned from the date of last meter reading.
2. "Minimum Charge", means a charge to recover the costs for providing customer service to consumers even if no energy is consumed during the month.
3. "Fixed Charge" means the part of sale rate in a two-part tariff to be recovered on the basis of "Billing Demand" in kilowatt on monthly basis.
4. "Billing Demand" means the highest of maximum demand recorded in a month except in the case of agriculture tariff D2 where "Billing Demand" shall mean the sanctioned load.
5. "Variable Charge" means the sale rate per kilowatt-hour (kWh) as a single rate or part of a two-part tariff applicable to the actual kWh consumed by the consumer during a billing period.
6. "Maximum Demand" where applicable , means the maximum of the demand obtained in any month measured over successive periods each of 30 minutes duration except in the case of consumption related to Arc Furnaces, where "Maximum Demand" shall mean the maximum of the demand obtained in any month measured over successive periods each of 15 minutes duration.
7. "Sanctioned Load" where applicable means the load in kilowatt as applied for by the consumer and allowed/authorized by the Company for usage by the consumer.
8. "Power Factor" means the ratio of kWh to KVAh recorded during the month or the ratio of kWh to the square root of sum of square of kWh and kVARh,.
9. Point of supply means metering point where electricity is delivered to the consumer.
10. Peak and Off Peak hours for the application of Time Of Use (TOU) Tariff shall be the following time periods in a day:

	* PEAK TIMING	OFF-PEAK TIMING
Dec to Feb (inclusive)	5 PM to 9 PM	Remaining 20 hours of the day
Mar to May (inclusive)	6 PM to 10 PM	-do-
June to Aug (inclusive)	7 PM to 11 PM	-do-
Sept to Nov (inclusive)	6 PM to 10 PM	-do-

* To be duly adjusted in case of day light time saving

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11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load exceeding 4 kW supply shall be given at three-phase.
12. "Consumer" means a person of his successor-in-interest as defined under Section 2(iv) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).
13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).
14. NTDC means the National Transmission and Dispatch Company.
15. CPPA means Central Power Purchasing Agency (CPPA).
16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997).

GENERAL CONDITIONS

1. "The Company shall render bills to the consumers on a monthly basis or less on the specific request of a consumer for payment by the due date.
2. The Company shall ensure that bills are delivered to consumers at least seven days before the due date. If any bill is not paid by the consumer in full within the due date, a Late Payment Surcharge of 10% (ten percent) shall be levied on the amount billed excluding Govt. tax and duties etc. In case bill is not served at least seven days before the due date then late payment surcharge will be levied after 7th day from the date of delivery of bill.
3. The supply provided to the consumers shall not be available for resale.
4. In the case of two-part tariff average Power Factor of a consumer at the point of supply shall not be less than 90%. In the event of the said Power factor falling below 90%, the consumer shall pay a penalty of two percent increase in the fixed charges determined with reference to maximum demand during the month corresponding to one percent decrease in the power factor below 90%.

PART-II

(Definitions and Conditions for supply of power specific to each consumer category)

A-1 RESIDENTIAL AND GENERAL SERVICES

1. This Tariff is applicable for supply to;

i) Residences,
ii) Places of worship,
iii) Approved religious and charitable institutions,
iv) Government and Semi-Government Offices and institutions,
v) Government Hospitals and Dispensaries,
vi) Educational institutions.

2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. A-1 (a) tariff.

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3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of tariff A-l(b) as set out in the Schedule of Tariff.
4. All existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and converted to A- 1(b) Tariff by the Company no later than 30th June 2013.

A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:
   - i) Shops,
   - ii) Hotels and Restaurants,
   - iii) Petrol Pumps and Service Stations,
   - iv) Compressed Natural Gas filling stations,
   - v) Private Hospitals/Clinics/Dispensaries,
   - vi) Places of Entertainment, Cinemas, Theaters, Clubs;
   - vii) Guest Houses/Rest Houses,
   - viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.

2. Consumers under tariff A-2 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate A-2(a)
3. All existing consumers under tariff A-2 having sanctioned load 5 kW and above shall be billed on A-2(b) tariff till such time that they are provided T.O.U metering arrangement; thereafter such consumers shall be billed on T.O.U tariff A-2(c).
4. The existing and prospective consumers having load of 5 kW and above can opt for T.O.U metering arrangement and A-2(c) tariff.
5. All existing consumers under tariff A-2 shall be provided T.O.U metering arrangement by the Company-and converted to-A-2 (c) Tariff no later than 30th June 2013.
6. All new connections having load requirement 5 kW and above shall be provided T.O.U meters and shall be billed under tariff A-2(c).

B INDUSTRIAL SUPPLY

Definitions

1. "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices and for normal working of the industry and also for water pumps and tube-wells operating on three phase 400 volts, other than those meant for the irrigation or reclamation of agricultural land.
2. For the purposes of application of this tariff an "Industry" means a bona fide undertaking or establishment engaged in manufacturing, value addition and/or processing of goods.
3. This Tariff shall also be available for consumers having single-metering arrangement such as;
   - i) Poultry Farms
   - ii) Fish Hatcheries and Breeding Farms and
   - iii) Software houses

Conditions

An industrial consumer shall have the option, to switch over to seasonal Tariff-F, provided his connection is seasonal in nature as defined under Tariff-F, and he undertakes to abide by the terms and conditions of Tariff-F and pays the difference of security deposit rates previously deposited and those applicable to tariff-F at the time of acceptance of option for

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY NEPRA AUTHORITY seasonal tariff. Seasonal tariff will be applicable from the date of commencement of the season, as specified by the customers at the time of submitting the option for Tariff-F. Tariff-F consumers will have the option to convert to corresponding Regular Industrial Tariff category and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.

B -1 SUPPLY AT 400 VOLTS THREEPHASE AND/OR 230 VOLTS SINGLE PHASE

1. This tariff is applicable for supply to Industries having sanctioned load upto a 25 kW.
2. Consumers having sanctioned load less than 25 kW shall be billed on single-part kWh rate.

B-2 SUPPLY AT 400 VOLTS

1. This tariff is applicable for supply to Industries having sanctioned load of more than 25 kW up to and including 500 kW.
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff no later than 30^{th} June 2013.
3. All new applicants i.e. prospective consumers applying for service to the Company shall be provided T.O.U metering arrangement and charged according to the applicable T.O.U tariff.

B-3 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable for supply to Industries having sanctioned load of more than 500 kW up to and including 5000 kW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the NEPRA eligibility criteria.
4. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

B-4 SUPPLY AT 66 kV, 132 kV AND ABOVE

1. This tariff is applicable for supply to Industries for all loads of more than 5000 kW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5000 kW or below who opt to receive supply at 66 kV or 132 kV and above.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the NEPRA Eligibility Criteria, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building,

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Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.

4. All B-4 Industrial Consumers shall be billed on the basis of two-part T.O.U tariff.

C SINGLE POINT (SINGLE-METERING) SUPPLY

"Single-Point Supply" for the purpose of this Tariff, means the supply given at one point:

i) To a licensee converted from a bulk supply status (who was procuring power from QESCO as a consumer prior to grant of license to QESCO) for the purpose of further distribution within its respective exclusive territory and jurisdiction.

ii) To a mix-load consumer not reselling to any other consumer such as residential, commercial, tube-well and others.

General Conditions

If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days no notice will be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days the fixed charges shall be assessed on proportionate basis for actual number of days between the date of old reading and the new reading.

C-I SUPPLY AT 400/230 VOLTS

1. This Tariff is applicable to a consumer having mix-load at a single metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-I(a) tariff'.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of Time-of-Use (T.O.U) tariff C-1(c) given in the Schedule of Tariff.
4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements by 30th June 2013.

C-2 SUPPLY AT 11 kV AND 33 kV

1. This tariff is applicable to consumers receiving supply at 11 kV or 33 kV at one-point metering arrangement and having sanctioned load of up to and including 5000 kW.
2. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the NEPRA eligibility criteria.
3. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-2(b) as set out in the Schedule of Tariff.
4. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-2(b) by 30th June 2013.

C-3 SUPPLY AT 66 kV AND ABOVE

1. This tariff is applicable to consumers having sanctioned load of more than 5000 kW receiving supply at 66 kV and above.
2. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the NEPRA Eligibility Criteria, the supply under this Tariff shall not be

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available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by NEPRA Eligibility Criteria.

3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b) by 30th June 2013.
4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-3(b) as set out in the Schedule of Tariff.

D AGRICULTURAL SUPPLY

"Agricultural Supply" means the supply for Lift Irrigation Pumps and/or pumps installed on Tube-wells intended solely for irrigation or reclamation of agricultural land or forests, and include supply for lighting of the tube-well chamber.

Special Conditions of Supply

1. This tariff shall apply to:
   i) Reclamation and Drainage Operation under Salinity Control and Reclamation Projects (SCARP):
   ii) Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.
   iii) Tube-wells meant for aqua-culture, viz. fish farms, fish hatcheries and fish nurseries.
   iv) Tube-wells installed in a dairy farm meant for cultivating crops as fodder and for upkeep of cattle.
2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. The lamps and fans consumption in the residential quarters, if any, attached to the tube-wells shall be charged entirely under Tariff A-1 for which separate metering arrangements should be installed.
4. The supply under this Tariff shall not be available to consumer using pumps for the irrigation of parks, meadows, gardens, orchards, attached to and forming part of the residential, commercial or industrial premises in which case the corresponding Tariff A-1, A-2 or Industrial Tariff B-1, B-2 shall be respectively applicable.

D-1 (a)

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation having sanctioned load of less than 5 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-1(a) tariff given in the Schedule of Tariff.

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D-1 (b)

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation and other consumers falling under Agriculture Supply having sanctioned load of 5 kW and above.
2. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D- 1(b) given in the Schedule of Tariff.
3. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements by 30th June 2013 and shall be governed by D-1(a) for SCARP and D2 for Agricultural Supply, till that time.

D-2

1. This tariff is applicable to consumers falling under Agriculture Supply having sanctioned load less than 5 kW excluding SCARP related installations.
2. The fixed charges under this Tariff shall be recovered on the basis of sanctioned load in kilowatt as the billing demand and such charges will be applicable even if no energy is consumed during a month.

E -1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY

Temporary Residential/Commercial Supply means a supply given to persons temporarily on special occasions such as ceremonial, religious gatherings, festivals, fairs, marriages and other civil or military functions. This also includes supply to touring cinemas and persons engaged in construction works for all kinds of single phase loads. For connected load exceeding 4 kW, supply may be given at 400 volts (3 phase) to allow a balanced distribution of load on the 3 phases. Normally, temporary connections shall be allowed for a period of 3 months which can be extended on three months basis subject to clearance of outstanding dues.

Special Conditions of Supply

1. This tariff shall apply to Residential and Commercial consumers for temporary supply.
2. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.

E -2 TEMPORARY INDUSTRIAL SUPPLY

"Temporary Industrial Supply" means the supply given to an Industry for the bonafide purposes mentioned under the respective definitions of "Industrial Supply", during the construction phase prior to the commercial operation of the Industrial concern.

SPECIAL CONDITIONS OF SUPPLY

1. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.
2. Normally, temporary connections shall be allowed for a period of 3 months, which may be extended on three months basis subject to clearance of outstanding dues.

F SEASONAL INDUSTRIAL SUPPLY

"Seasonal Industry" for the purpose of application of this Tariff, means an industry which works only for part of the year to meet demand for goods or services arising during a particular season of the year. However, any seasonal industry running in combination with

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one or more seasonal industries, against one connection, in a manner that the former works in one season while the latter works in the other season (thus running throughout the year) will not be classified as a seasonal industry for the purpose of the application of this Tariff.

Definitions

1. "Year" means any period comprising twelve consecutive months.
2. All "Definitions" and "Special Conditions of Supply" as laid down under the corresponding Industrial Tariffs shall also form part of this Tariff so far as they may be relevant.

Special Conditions of Supply

1. This tariff is applicable to seasonal industry.
2. Fixed Charges per kilowatt per month under this tariff shall be levied at the rate of 125% of the corresponding regular Industrial Supply Tariff Rates and shall be recovered only for the period that the seasonal industry actually runs subject to minimum period of six consecutive months during any twelve consecutive months. The condition for recovery of Fixed Charges for a minimum period of six months shall not, however, apply to the seasonal industries, which are connected to the Company's Supply System for the first time during the course of a season.
3. The consumers falling within the purview of this Tariff shall have the option to change over to the corresponding industrial Supply Tariff, provided they undertake to abide by all the conditions and restrictions, which may, from time to time, be prescribed as an integral part of those Tariffs. The consumers under this Tariff will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.
4. All seasonal loads shall be disconnected from the Company's Supply System at the end of the season, specified by the consumer at the time of getting connection, for which the supply is given. In case, however, a consumer requires running the non-seasonal part of his load (e.g., lights, fans, tube-wells, etc.) throughout the year, he shall have to bring out separate circuits for such load so as to enable installation of separate meters for each type of load and charging the same at the relevant Tariff.
5. Where a "Seasonal Supply" consumer does not come forward to have his seasonal industry re-connected with the Company's Supply System in any ensuing season, the service line and equipment belonging to the Company and installed at his premises shall be removed after expiry of 60 days of the date of commencement of season previously specified by the consumer at the time of his obtaining new connection/re-connection. However, at least ten clear days notice in writing under registered post shall be necessary to be given to the consumer before removal of service line and equipment from his premises as aforesaid, to enable him to decide about the retention of connection or otherwise. No Supply Charges shall be recovered from a disconnected seasonal consumer for any season during which he does not come forward to have his seasonal industry re-connected with the Company's Supply System.

G PUBLIC LIGHTING SUPPLY

"Public Lighting Supply" means the supply for the purpose of illuminating public lamps.

Definitions

"Month" means a calendar month or a part thereof in excess of 15 days.

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Special Conditions of Supply

The supply under this Tariff shall be used exclusively for public lighting installed on roads or premises used by General Public.

H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES

This tariff is applicable for one-point supply to residential colonies attached to the industrial supply consumers having their own distribution facilities.

Definitions

"One Point Supply" for the purpose of this Tariff, means the supply given by one point to Industrial Supply Consumers for general and domestic consumption in the residential colonies attached to their factory premises for a load of 5 Kilowatts and above. The purpose is further distribution to various persons residing in the attached residential colonies and also for perimeter lighting in the attached residential colonies.

"General and Domestic Consumption", for the purpose of this Tariff, means consumption for lamps, fans, domestic applications, including heated, cookers, radiators, air-conditioners, refrigerators and domestic tube-wells.

"Residential Colony" attached to the Industrial Supply Consumer, means a group of houses annexed with the factory premises constructed solely for residential purpose of the bonafide employees of the factory, the establishment or the factory owners or partners, etc.

Special Conditions of Supply

The supply under this Tariff shall not be available to persons who meet a part of their requirements from a separate source of supply at their premises.

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Annex-VI

List of Interested / Affected Parties to send the Notices of Admission /Hearing Regarding Tariff Petition filed by Quetta Electric Supply Co. Ltd. (QESCO) for the Determination of Consumer-end Tariff for the FY 2012-13

*****

A. *Secretaries of various Ministries*

1. Secretary
Cabinet Division
Cabinet Secretariat
Islamabad

2. Secretary
Ministry of Industries & Production
'A' Block, Pak Secretariat
Islamabad

3. Secretary
Ministry of Water & Power
'A' Block, Pak Secretariat
Islamabad

4. Secretary
Ministry of Finance
'Q' Block, Pak Secretariat
Islamabad

5. Secretary
Ministry of Commerce
A-Block, Pak Secretariat
Islamabad

6. Secretary
Privatization Commission
EAC Building
Islamabad

7. Secretary
Planning and Development Division
'P' Block, Pak Secretariat
Islamabad

8. Secretary
Ministry of Petroleum & Natural Resources
`A` Block, Pak Secretariat
Islamabad

9. Secretary
Irrigation & Power Department,
Government of Balochistan
Balochistan Sectt. No. 7,
Quetta

10. Director General
National Tariff Commission
Ministry of Commerce
State Life Building No. 5,
Blue Area Islamabad

B. Chambers of Commerce and Industry & General Public

1. President
The Federation of Pakistan
Chamber of Commerce and Industry
Federation House, Main Clifton
Karachi – 5675600

2. Chief Capital Office
The Federation of Pakistan
Chamber of Commerce & Industry
Aiwan-e-Sanat-o-Tijarat Road,
Sector G-8/1, Islamabad.

3. President
Quetta Chamber of Commerce & Industry
Zarghoon Road, P.O. Box 117
Quetta

4. President,
Hyderabad Chamber of Commerce & Industry
Aiwan-e-Tijarat Road, Saddar
Hyderabad

5. President
Senior Citizen Foundation of Pakistan
5-P, Markaz G-7, Sitara Market
Islamabad

6. Chairman
All Pakistan Textile Mills Association (APTMA)
APTMA House, 44-A, Lalazar P.O. Box 5446
Moulvi Tamizuddin Khan Road
Karachi

7. Chairman
S.I.T.E. Association of Industry
H-16, S.I.T.E.
Karachi

8. SHEHRI
206-G, Block – 2, P.E.C.H.S
Karachi – 75400

9. President
Institute of Electrical & Electronics Engineers of Pakistan (IEEEP)
4 – Lawrence Road
Lahore

10. President
The Institute of Engineers Pakistan
IEP Roundabout Engineering Centre
Gulberg – III
Lahroe – 54660

11. Chairman
Pakistan Engineering Council
Attaturk Avenue (East), G-5/2
Islamabad

12. Textile Working Group
30/7, Behind State Bank, Civil Lines,
Faisalabad.

13. Textile Working Group
97-A, Aziz Avenue, Canal Bank off Gulberg Road,
Lahore

C. **Power Companies**

1. Member Power
WAPDA
738 – WAPDA House
Shahra-e-Quaid-e-Azam
Lahore

2. Managing Director
Pakistan Electric Power Company (PEPCO)
721-WAPDA House
Shahrah-e-Quaid-e-Azam
Lahore

3. Chief Operating Officer
   CPPA
   Room 107 WAPDA House
   Shaharah-e-Qauid-e-Azam
   LAHORE

4. Managing Director
   Private Power and Infrastructure Board (PPIB)
   House No. 50, Sector F-7/4
   Nazimuddin Road
   Islamabad

5. Chief Executive Officer
   Karachi Electric Supply Corporation Ltd.
   7th Floor, State Life Building No. 11
   Abdullah Haroon Road
   Karachi

D. **Petitioner**

1. Chief Executive Officer
   Quetta Electric Supply Co. Ltd.
   QESCO Complex,
   Zarghoon Road, Quetta .

Dawn

30-09-12

National Electric Power Regulatory Authority (NEPRA)

NOTICE OF ADMISSION / PUBLIC HEARING

PETITION FILED BY QUETTA ELECTRIC SUPPLY COMPANY (QESCO) FOR THE DETERMINATION OF ITS CONSUMER-END TARIFF PERTAINING TO THE FY 2012-13

All stakeholders, interested/affected persons and the general public are notified that Quetta Electric Supply Company (QESCO) has filed a petition with the National Electric Power Regulatory Authority (NEPRA) for the determination of its consumer-end tariff pertaining to the FY 2012-13

SALIENT FEATURES OF THE PETITION

1. The petitioner has prayed for determination of tariff for the Financial Year 2012-13, approval of Distribution Margin @ 1.82/kWh, investment for Rs. 3 600 million, line losses @ 21 50% and average sales rate/tariff at Rs. 16 02/kWh with the following category-wise tariff:-

Description	Requested Tariff for the FY 2012-13		NEPRA Determined Tariff Pertaining to the FY 2011-12	
	Fixed Charges Rs./kW/M	Var. Charges Rs./KW h	Fixed Charges Rs./kW/M	Var. Charges Rs./KWh
Residential				
For Sanctioned load less than 5 kW				
Up to 50 Units		5 00		3 00
For Consumption exceeding 50 units				
01-100 Units		10 00		10 00
101-300 Units		13 23		13 20
301-700 Units		14 30		14 30
Above 700 Units		16 50		16 50
For Sanctioned load 5 kW & above				
Time of Use (TOU) – Peak		16 00		16 00
Time of Use (TOU) - Off-Peak	200	9 00		9 00
Total Residential				
Commercial - A2				
For Sanctioned load less than 5 kW		17 50		17 00
For Sanctioned load 5 kW & above				
Regular	400	15 50	400	15.00
Time of Use (TOU) – Peak		16 50		16 50
Time of Use (TOU) - Off-Peak	400	8 00	400	8 00
Total Commercial				
Industrial				
B1		11 50		11 50
B1(b) Up to 25 kW (Peak)				16 00
B1(b) Up to 25 kW (Off-peak)				9 00
B2	440	11.00	400	10 50
B2 - TOU (Peak)		16 60		16 60
B2 - TOU (Off-peak)	440	8 60	400	8 60
B3 - TOU (Peak)		17 00		16 50
B3 - TOU (Off-peak)	418	8 40	380	8 40
B4 - TOU (Peak)		15 30		16 40
B4 - TOU (Off peak)	396	7 74	360	8 20
Total Industrial				
Single Point Supply for further distribution				
C1(a) For sanctioned load less than 5 kW		13 50		11 50
C1(b) For sanctioned load 5 kW & upto 500 kW	440	11 50	400	10 50
Time of Use (TOU) – Peak	418	16 60		16 60
Time of Use (TOU) - Off-Peak	396	8 60	400	8 60
C2 Supply at 11.33 kV up to and including 5000 kW		10 40	380	10 40
Time of Use (TOU) – Peak		16 50		16 50
Time of Use (TOU) - Off-Peak	418	8 40	380	8 40
C3 Supply at 66 kW & above and sanctioned load above 5000 kW			360	10 30
Time of Use (TOU) – Peak				16 40
Time of Use (TOU) - Off-Peak	396		360	8 20
Total Single Point Supply				
Agricultural Tube-wells - Tariff D				
Scarp		16 15		13 00
Agricultural Tube-wells	220	16 73	200	11 50
Time of Use (TOU) – Peak		18 00		16 50
Time of Use (TOU) - Off-Peak	200	8 00	200	8 00
Total Agricultural				
Public Lighting - Tariff G		16 20		14 00
Residential Colonies - Tariff H		17 30		14 00
Total				

2. In terms of rules 6 of NEPRA (Tariff Standards & Procedures) Rules 1998 any interested person who desires to participate in the proceedings may file an intervention request within seven days from the date of publication of this notice. Such intervention request shall state the name and address of the person filing the same objections and the manner in which such person is or is likely to be substantially and specifically affected by any determination in the proceedings. The intervention request may also contain the contentions of the person making the same, the relief sought and the evidence, if any in support of the case. In the intervention request the intervener may specifically admit, deny or explain the facts stated in the petition and may also state additional facts which are relevant and necessary for reaching a just and informed decision in the proceedings. The intervention request shall be signed verified and supported by means of an affidavit in the same manner as in the case of the petition. The intervener shall also serve a copy of the intervention request duly attested as true copy on the petitioner or his authorized representative and the petitioner may file a rejoinder to the intervention request which shall be filed before the commencement of the hearing.
3. Any person may also file the comments in the matter within 7 days of the publication and the Authority if deemed fit may permit participation of such person into the proceedings and also may consider those comments in the final determination.
4. All stakeholders and interested affected persons are also informed that in order to arrive at a just and informed decision, the Authority has also decided to hold a hearing in the subject matter according to the date, time and venue as mentioned below

Date	October 18th, 2012 (thusday)
Time	10 30 a.m.
Venue	National Institute of Management (NIM) Sumangali Road Near FIA Building Quetta

All communications should be addressed to:

Registrar NEPRA

2nd Floor, OPF Building, Shahrah-e-Jamhuriat, G-5/2, Islamabad.

Phone: 051-920 6500, Fax: 051-921 0215, E.mail:office@nepra.org.pk

For further information please visit: www.nepra.org.pk

PID(I)1435/12

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